

Chester, Illinois Business Incentive Package

Dear prospective business owner,

This is an overview of the business incentive package adopted by the City Council on 08/02/21 as Ordinance #1758. We believe that this program will have a meaningful effect on economic development in the Chester area and can maximize the impact of the Enterprise Zone designation we have recently received. Our business community was remarkably engaged in the Enterprise Zone application process and helped make our designation a success. Now, the business community has access to additional support from the municipality. The incentives Chester offers are as follows:

State incentives already in effect with the Enterprise Zone

1. Sales tax exemption for building materials in the Enterprise Zone: Businesses will not be charged sales tax on building materials used for remodeling, rehabilitation, or new construction. The minimum qualifying investment for this exemption is **\$10,000 in building material costs**.*

2. Investment Tax Credit: owners who purchase machinery, equipment, or building materials for use within the Enterprise Zone may file for an Illinois income tax credit equal to .5% of the investment's cost.*

**Properties must be within the state designated Enterprise Zone*

City of Chester's incentives*

**All incentives must be approved by vote of the Chester City Council*

**Restrictions may apply*

3. Enterprise Zone fee pickup: The City of Chester may cover Enterprise Zone application fees up to \$250. These fees are used for administration of the program.

4. Building Permit fee waivers: The City of Chester may waive building permit fees for commercial and industrial projects.

5. Tapping fee waivers: The City of Chester may waive tapping fees for new natural gas services at properties where the **total project cost exceeds \$50,000**. The fee waived is \$500, and is limited to businesses within Chester's corporate boundaries.

6. Property tax abatement: The City of Chester may offer property tax abatement to businesses making an investment with a **total project cost exceeding \$50,000**. As described in 35 ILCS 200 18-165, this abatement would negate any increases to the city's portion of the tax bill attributable to improvement (expansion, additional employees, etc.) of the property for up to 10 years. The abatement affects **ONLY** the city's portion of the bill and would amount to a 24.2% reduction in the property tax attributed to the improvement.

Under this program, business owners could receive abatement on any city property tax over the baseline amount levied in the tax year before the qualifying investment in the property was made. For example, suppose an individual purchases an empty lot with a city tax bill of \$50 and constructs a qualifying investment on the property. After the investment (building) is complete, the City's share of the tax bill increases to \$1,500. This business could receive \$1,450 in abatement for 10 years.

Summary

According to the Illinois Enterprise Zone Association, supplemental incentives such as these are common development tools used by municipalities within enterprise zones. All Chester businesses along main thoroughfares in the city limits are included in our Enterprise Zone map. This program can benefit nearly all business owners- helping us attract new development AND retain businesses we already have. Most importantly, the package targets one of our most pressing concerns: redevelopment of our commercial district. Rehabilitation and demolition of old buildings is often cost prohibitive, and potential uses for obsolete structures can be limited. Incentives are needed to attract new development, promote improvement of existing commercial buildings, increase tourist appeal, and improve the quality of life for our citizens.

Chester is supportive of its business community. We intend to continue exploring pragmatic solutions to best play the hand we have been dealt in this century. In the coming years, towns like ours will face tremendous challenges in a rapidly changing economy. Most will continue to decline. Through an innovative and aggressive approach, and with the help of our entrepreneurs and our workforce, we believe that the City of Chester can be an exception to the rule of declining main street communities.

Sincerely,

The City of Chester

The Chester Planning Commission