

SUBSTITUTE ITEM NO. 18-6017

PROPOSED SUBSTITUTE ORDINANCE

(Business and Economic Development Committee 11/13/2018)

WEST REGIONAL ENTERPRISE ZONE

AN ORDINANCE FOR THE ESTABLISHMENT OF AN ENTERPRISE ZONE IN THE VILLAGE OF BELLWOOD, THE VILLAGE OF BROADVIEW, THE VILLAGE OF MAYWOOD, THE VILLAGE OF MELROSE PARK AND COOK COUNTY, ILLINOIS SUBJECT TO THE ENTERPRISE ZONE ACT OF THE STATE OF ILLINOIS.

WHEREAS, the State of Illinois Enterprise Zone Act, 20 ILCS 655/1 et seq., as amended (the “Act”) provides for the creation of enterprise zones to encourage private sector investments, stimulate business and industrial growth in economically distressed areas as well as neighborhood revitalization by relaxing government controls and tax incentives throughout the State; and

WHEREAS, the Village of Bellwood, the Village of Broadview, the Village of Maywood, the Village of Melrose Park (collectively, the “*Municipalities*”) and the County of Cook (the “*County*”), corporate bodies politic organized and existing under the laws of that State of Illinois, each have areas within their respective legal boundaries that are economically distressed with a disproportionate number of residents who have suffered pervasive poverty, unemployment and economic distress related to prolonged economic transformation, shifts of industries throughout the region, and a variety of other factors. These factors have negatively affected areas that would benefit from private sector investments within an Enterprise Zone; and

WHEREAS, these factors have negatively affected areas that would benefit from private sector investments with an Enterprise Zone; and

WHEREAS, the Municipalities and County seek approval and certification by the State of Illinois of the West Regional Enterprise Zone (hereafter referred to as “the Zone”); and

WHEREAS, if approved, businesses who are owned by minorities, women and persons with disabilities, as defined under the Business Enterprise for Minorities, Women and Persons with Disabilities Act (30 ILCS 575/0.01, et seq.) shall be encouraged to participate within the Enterprise Zone incentive program to benefit them as business owners (“the Zone benefits”); and

WHEREAS, the Zone benefits include specific state incentives designed to encourage businesses in the private sector to locate or expand within an Enterprise Zone, subject to terms, conditions, rules and limitations in the law; and

WHEREAS, businesses using the Zone benefits will be encouraged to hire individuals who are minority persons, women and persons with disabilities as defined under the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/0.01, et seq.); and

WHEREAS, businesses using the Zone benefits will be encouraged to utilize other businesses that are minority-owned, women-owned, or owned by persons with disabilities as defined under the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/0.01, et seq.):

WHEREAS, it is determined that it is in the best interest of the citizens of the County and Municipalities to establish an Enterprise Zone and encourage private sector investments within said Enterprise Zone; and

WHEREAS, prior to filing an application for approval of the designation of an Enterprise Zone under the Act, it is required that the County and Municipalities adopt an Ordinance designating the proposed Enterprise Zone.

BE IT ORDAINED, by the Cook County Board of Commissioners, that Chapter 14-Community Development, Article X-West Regional Enterprise Zone, Section 14-99 through 14-118 of the Cook County Code is hereby enacted as Follows:

Article X-West Regional Enterprise Zone

Sec. 14-99. Establishment of Enterprise zone and enterprise zone designation - In accordance with the Act, in cooperation with the Village of Bellwood, the Village of Broadview, the Village of Maywood, the Village of Melrose Park and the County of Cook, said municipalities and the County hereby declare, establish, name and designate the West Regional Enterprise Zone (the "Enterprise Zone"); said Enterprise Zone is subject to and contingent on approval by the Illinois Enterprise Zone Board and certification by the Illinois Department of Commerce and Economic Opportunity.

Sec. 14-100. Term - The term of the Enterprise Zone shall commence upon certification and approval of the Illinois Department of Commerce and Economic Opportunity ("DCEO") and shall remain in effect for a period of fifteen (15) calendar years and is subject to review for an additional ten (10) year extension, prescribed under the Act.

Sec. 14-101. Description of zone - The area of the designated Enterprise Zone is described in Exhibit A - Boundaries of Enterprise Zone and depicted in Exhibit B - Map of Enterprise Zone, which exhibits are attached to this Ordinance and incorporated herein by reference, ("Zone Area").

Sec. 14-102. Qualifications. - The County and the Municipalities hereby declare and affirm that the proposed Zone Area is qualified for designation as an Enterprise Zone and further affirms and finds that:

(a) The Zone Area is a contiguous area and entirely within the corporate limits of the County and Municipalities being the Enterprise Zone;

(b) The Zone Area comprises an area larger than one-half (1/2) square mile and not more than fifteen (15) square miles in total area;

(c) The Zone Area is a depressed area;

(d) The Zone Area addresses a reasonable need to encompass portions of more than one (1) municipality and adjacent unincorporated areas of the County;

(e) The Zone Area exceeds the minimum requirement of meeting three (3) of the ten (10) criteria specified in the Act (20 ILCS 655/4 (f)) and any additional criteria established by DCEO;

(f) A public hearing was conducted pursuant to a notice duly published in a newspaper of general circulation, within the Zone Area, not more than twenty (20) days nor less than five (5) days before the hearing date on questions about whether or not to create the Enterprise Zone, what local plans, tax incentives and other programs should be established in connection with said Enterprise Zone and what the boundaries thereof should be; and

(g) The Zone Area meets the qualifications under Section 4 of the Act and satisfies any additional criteria stated in the Act or established by the Rules of DCEO.

All of the Findings are supported, sustained and consistent with the substantive materials contained in Exhibit C, attached hereto, and incorporated herein by reference.

Sec. 14-103. Incentives. The County and Municipalities offer incentives designed to encourage businesses in the private sector to locate or expand within an Enterprise Zone, subject to terms, conditions, rules and legal limitations in the law:

(a) *State sales tax exemption.* Pursuant to applicable law, the County and Municipalities authorize any retailer, as defined in the Retailers' Occupation Tax Act (35 ILCS 120.1 et. seq.) who makes a qualified sale of building materials to be permanently affixed and incorporated into real estate located within the Enterprise Zone, as amended from time to time, in connection with the expansion, rehabilitation or new construction of a qualified project may deduct receipts from such sale when calculating the tax imposed by the State, City, Village and County, pursuant to the Retailers' Occupation Tax Act; provided, however, that said deduction shall be allowed if and only if the retailer obtains from the purchaser an Enterprise Zone Building Materials Exemption Certificate (as that term is defined in the Act, the "Exemption Certificate"), which must contain the Exemption Certificate number issued to the purchaser by the Illinois Department of Revenue. Upon request from the Zone Administrator, the Illinois Department of Revenue shall issue an Exemption Certificate for each construction contractor or other entity identified by the Zone Administrator. The Illinois Department of Revenue shall make the Exemption Certificates available directly to the Zone Administrator and each construction contractor or other entity. The Department of Revenue shall issue the Exemption Certificate within three business days after receipt of request from the Zone Administrator. The Exemption Certificates shall be provided to the retailer at the time of sale and maintained by such retailer in its books and records for the purposes of documenting such deduction. Exemption Certificates shall be valid for twelve (12) months from the date of issuance; provided, however, that such Exemption Certificates may be extended for an additional twelve (12) months upon request to the Zone Administrator. Such

requests for extension shall not be granted more than twice for any one project, and the requesting party must demonstrate good faith efforts to diligently pursue construction of the project.

(b) *State Enterprise Zone machinery and equipment consumables/pollution control facilities sales tax exemption.* A 6.25 percent state sales tax exemption on purchases of tangible personal property to be used in the manufacturing or assembly process or in the operation of a pollution control facility within an Enterprise Zone is available. Eligibility is based on a business making an investment in an Enterprise Zone of at least \$5 million in qualified property that creates a minimum of 200 full-time equivalent jobs, a business investing at least \$40 million in a Zone and retaining at least 2,000 jobs, or a business investing at least \$40 million in a Zone which causes the retention of at least 80 percent of the jobs existing on the date it is certified to receive the exemption.

(c) *State Enterprise Zone utility tax exemption.* A state utility tax exemption on gas, electricity and the Illinois Commerce Commission's administrative charge and telecommunication excise tax is available to businesses located in Enterprise Zones. Eligible businesses must make an investment of at least \$5 million in qualified property that creates a minimum of 200 full-time equivalent jobs in Illinois, an investment of \$20 million that retains at least 1,000 full-time equivalent jobs, or an investment of \$175 million that creates 150 full-time equivalent jobs in Illinois. The majority of the jobs created must be located in the Enterprise Zone where the investment occurs.

(d) *State Enterprise Zone investment tax credit.* A state investment tax credit of 0.5 percent is allowed a taxpayer who invests in qualified property in a Zone. Qualified property includes machinery, equipment and buildings. The credit may be carried forward for up to five (5) years. This credit is in addition to the regular 0.5 percent investment tax credit, which is available throughout the state, and up to 0.5 percent credit for increased employment over the previous year.

(e) *State contribution deduction.* Businesses may deduct double the value of a cash or in-kind contribution to an approved project of a Designated Zone Organization from taxable income as allowed under the Act.

Sec. 14-104. Zone administration - Upon designation as an Enterprise Zone by DCEO, a Zone Management Board (the “ZMB”) shall be formed and comprised of one representative appointed by each municipality and County. The ZMB will be the governing body of the Enterprise Zone and will elect a chairman, create and appoint the position of Zone Administrator (“ZA”) and will be responsible for all decisions within the Enterprise Zone that may include charging fees associated with the administration of the Enterprise Zone up to 0.5% (one half of one percent) of the cost of building materials of the project associated with the Enterprise Zone, provided that the maximum fee is no more than \$50,000, as permitted by the Act (20 JLCS 655/8.2 (c)). The Zone Administrator is responsible for the day-to-day operation of the Enterprise Zone including:

(a) Supervise the implementation of the provisions of the Enterprise Zone Intergovernmental Agreement and the Act.

(b) Act as a liaison between the County, Municipalities, DCEO, Designated Zone Organizations, and other State, Federal and local agencies, whether public or private.

(c) Conduct an ongoing evaluation of the Enterprise Zone Programs and submit evaluative reports to the ZMB.

(d) Promote the coordination of other relevant programs, including, but not limited to, housing, community and economic development, small business, financial assistance and employment training within the Enterprise Zone.

(e) Recommend qualified Designated Zone Organizations to the ZMB.

(f) Have other such duties as specified by the ZMB, including the appointment of authorized personnel as appropriate, to assure the smooth operation of the Enterprise Zone.

(g) The Zone Administrator shall file a copy of the Enterprise Zone's fee schedule with DCEO by April 1 of each year.

Sec. 14-105. Enterprise zone goals - The County and Municipalities hereby approve the following activities, which have been identified as initial goals of the Enterprise Zone:

(a) To identify available sites and vacant or underused buildings for new or expanding businesses.

(b) To market available sites and buildings on the economic development websites.

(c) To assist businesses and Enterprise Zone residents in receiving available local, state, or federal economic development incentives and benefits.

(d) To hold educational forums and programs for Enterprise Zone communities, businesses and residents to explain and promote program benefits and incentives.

(e) To coordinate available and future economic development incentives within the Enterprise Zone.

Sec. 14-106. Intergovernmental agreement - The Enterprise Zone shall be governed, managed and operated in accordance with the Intergovernmental Agreement between the County and Municipalities as set forth in Exhibit D, which is attached hereto and incorporated into this Ordinance by reference. The chief elected official or designee of the County and Municipalities is hereby authorized to execute the Intergovernmental Agreement on behalf of the County and Municipalities and further authorized to sign all documents reasonably necessary in the furtherance of the Joint Application for said Enterprise Zone, to be filed with DCEO.

Section 14-107. Creation of a Policy Statement for Development - The Municipalities and County hereby establish the Enterprise Zone Policy Statement that expresses a desire for businesses within the Zone to commit to and encourage the development of business entities

owned by minorities, women, and persons with disabilities as defined under the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/0.01, et. seq.); and

Section 14-108. Creation of a Policy Statement for Hiring - the Municipalities and County hereby establish the Enterprises Zone policy statement that expresses a desire and commitment from businesses to promote the hiring of individuals who are minority persons, women, and persons with disabilities as defined under the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/0.01, et. seq.); and

Section 14-109. Creation of a Policy Statement for Using Other Businesses - the Municipalities and County hereby establish the Enterprises Zone policy statement that expresses a desire and commitment from businesses to promote the utilization of other businesses that are minority-owned, women-owned, or owned by persons with disabilities as defined under the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/0.01, et seq.); and

Section 14-110. Creation of a Database - The Zone will create a database and list of local businesses that are owned by minorities, women, and persons with disabilities as defined under the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/0.01, et seq.). This information will be used as a matchmaking tool for Zone participants to diversify their subcontracting by utilizing businesses owned by minorities, women, and persons with disabilities as defined under the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/0.01, et seq.).

Section 14-111. Publish and Distribute Promotional Materials - The Zone will publish a brochure that will be provided to business owners within the Zone that explains the benefits of utilizing businesses owned by minorities, women, and persons with disabilities as defined under the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/0.01, et seq.).

Section 14-112. Conduct Promotional Activities - The Zone will conduct at least one public meeting each year to describe the Zone benefits for businesses owned by minorities, women, and persons with disabilities as defined under the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/0.01, et seq.).

Section 14-113. Incorporate Promotional Statement - The Zone will provide a statement on project applications, promotional materials, and Zone publications that the Zone encourages the use of businesses owned by and the hiring of minorities, women, and people with disabilities as defined under the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/0.01, et seq.).

Section 14-114. Establish the Minority, Women and Persons with Disabilities Advocate - The Zone will create the position of Minority, Women, and Persons with Disabilities Advocate to promote participation of firms and persons defined under the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/0.01, et. seq.).

Section 14-115. Establish Participation Goals - The Zone will establish annual goals and measurements of participation of firms and persons defined under the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/0.01, et. seq.) to determine the effectiveness of these efforts and how they might be revised to optimize their impact.

Section 14-116. Incorporate Affidavits from Zone Participants - The Zone will request that business applicants for Zone benefits submit a signed Affidavit about their efforts to promote and encourage the utilization of businesses that are owned by minorities, women, and persons with disabilities as defined under the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/0.01, et. seq.).

Sec. 14-117. Severability - This Ordinance and every provision thereof shall be considered severable and the invalidity of any Section clause, paragraph, sentence or provision of this Ordinance will not affect the validity of any other portion of this Ordinance.

Sec. 14-118. Publication and effective date - The County and Municipalities are hereby authorized to publish this Ordinance in pamphlet form. This Ordinance shall be in full force and effect from its passage, approval and publication as required by law.

Effective date: This ordinance shall be in effect immediately upon adoption.