

**ORDINANCE NO. 15-\_\_\_\_\_**

**AN ORDINANCE ESTABLISHING LEE OGLE ENTERPRISE ZONE  
CITY OF ROCHELLE  
-ENTERPRISE ZONE DESIGNATION-  
-PROPERTY TAX ABATEMENT-**

**WHEREAS**, the Illinois General Assembly passed Senate Bill 3616 as amended on May 31, 2012, and, which was signed into law by the Governor on August 7, 2012, thereby amending the Illinois Enterprise Zone Act (20 ILCS 655/1 *et seq.*) (hereafter referred to as “the Act”), under the provisions of Public Act 97-905; and,

**WHEREAS**, the Illinois General Assembly also passed Senate Bill 20 as amended on May 31, 2013, and, which was signed into law by the Governor on July 25, 2013, as Public Act 98-109, portions of which clarified Enterprise Zone related legislation contained in Public Act 97-905 and the Act; and,

**WHEREAS**, the Act provides for a new Illinois Enterprise Zone designation application process administered by the Illinois Department of Commerce and Economic Opportunity (hereafter referred to as “the Department”) subject to the approval and concurrence of the state Enterprise Zone Board, hereafter referred to as “the Board”; and

**WHEREAS**, once approved by the Board and certified by the Department, the Enterprise Zone designation will be in effect for 15 years beginning on January 1, 2017, subject to review by the Board after the 13th year of existence for another ten year designation beginning on the expiration date of the Enterprise Zone Zone; and,

**WHEREAS**, a Public Hearing was held on November 2, 2015 on the subject of a new Enterprise Zone designation (hereafter known as “the Zone”), notice of which was duly published in The Telegraph on October 28, 2015; and,

**WHEREAS**, Enterprise Zones provide state and local incentives to promote the economic growth of the area, to reduce unemployment, and to encourage expansion, rehabilitation, and new construction of structures within the Enterprise Zone; and,

**WHEREAS**, the County Board of Lee County, the County Board of Ogle County, the City Council of Dixon and the City Council of Rochelle (hereafter collectively referred to as “the Designating Units of Government”) find and concur that it is desirable and necessary for them collectively to apply for a new Enterprise Zone designation for the long term benefit and economic viability of the region; and,

**WHEREAS**, the Designating Units of Government find and concur that the region meets the qualifications established in Section 4 of the Act; and,

**WHEREAS**, the Designating Units of Government find and concur that the Enterprise Zone as described in Addendum “A” is contiguous as defined in the Act; and,

**WHEREAS**, the Designating Units of Government find and concur that the Enterprise Zone as described in Addendum “A” shall comprise no more than 15 square miles of land, exclusive of waterways and lakes, as allowed by the Act; and,

**WHEREAS**, certain parts of the Enterprise Zone lie within the boundaries of the **CITY OF ROCHELLE**; and,

**WHEREAS**, the Mayor and City Council of Rochelle desire to designate an area within its jurisdiction as an Enterprise Zone as outlined in the attached Addendum “A”, subject to the certification of the Zone by the Department in accordance with the Act; and

**WHEREAS**, the name of the Enterprise Zone shall be the Lee Ogle Enterprise Zone,

**NOW BE IT THEREFORE ORDAINED BY THE MAYOR AND THE CITY COUNCIL OF THE CITY OF ROCHELLE, ILLINOIS:**

**Section 1 – TERM.** The term of the Zone will be for 15 years commencing on January 1, 2017, and ending at midnight on December 31, 2031, or until such time as the Zone has expired, been decertified by the Department or repealed by the Illinois General Assembly or by ordinance of the Designating Units of Government, whichever is sooner. After the 13th year, the zone is subject to review by the state Enterprise Zone Board for an additional 10-year designation beginning on the expiration date of the Enterprise Zone. During the review process, the state Enterprise Zone Board shall consider the costs incurred by the State of Illinois and units of local government as a result of tax benefits received by the Zone before granting the extension. Upon approval of the state Enterprise Zone Board, the Zone may further be in effect for an additional 10 years beginning January 1, 2032.

**Section 2 – PROPERTY TAX ABATEMENT.** Commencing on or after January 1, 2017, taxes on real property levied by the **CITY OF ROCHELLE** shall be abated on approved property located within the boundary of the Enterprise Zone, as certified by the Department, and upon which new improvements have been constructed as described below. In no event shall any abatement of taxes on any property exceed the amount attributable to the construction of the improvements or the renovation or rehabilitation of existing improvements on such property.

A) DEFINITIONS

- 1) “Project Application” as defined herein is the written application for Zone benefits for job development and capital investment projects. The Project Application must be executed by the Applicant and submitted to the Zone Administrator (as hereafter defined) prior to the initiation of construction of the project. The Project Application provides information necessary for the Zone Administrator to verify eligibility for Enterprise Zone benefits including, but not limited to, property tax abatement and Sales Tax Exemption for Construction Materials in conjunction with the Illinois Department of Revenue processes and procedures in effect at the time of the Project Application.
- 2) “Eligible Project Types” as defined herein are those projects for uses conforming to the codified zoning districts and uses of the applicable Designating Unit of Government where the project is located. The specific zoning districts and types for each of the Designating Units of Government are as listed herein and as may be amended by local ordinance from time to time.
- 3) “Eligible Special Uses, Variations” as defined herein are considered Eligible Project Types when the Special Use or Variation is granted pursuant to local ordinance of the controlling Designating Unit of Government where the project is located.

Rochelle Districts for Eligible Project Types:

Commercial Districts

- B-1 Central business district (CBD)
- B-2 Highway commercial district
- B-3 Neighborhood commercial district

Industrial Districts

- I-1 Light (limited) industry district
- I-2 General industrial district
- I-3 Heavy industrial district

Overlay Districts

- TTO Transportation overlay district
- TOD Technology overlay district

- 4) “Commercial Multi-Family Residential Eligible Project Type” as defined herein are newly constructed multi-family residential projects where the buildings consist of six (6) units or more on a common foundation. For purposes of the Zone, these projects shall be considered commercial in nature and an Eligible Project type.

- 5) Exclusions – Residential projects, other than Commercial Multi-Family Residential Eligible Project Types shall be ineligible for any benefits herein established in the Zone.
  
- B) Commencing on or after January 1, 2017, taxes on real property levied by the **CITY OF ROCHELLE** shall be abated on approved property located within the Zone and upon which new improvements have been constructed as follows:
  - 1) For taxes levied in the first year of abatement: 50%
  - 2) For taxes levied in the second year of abatement: 50%
  - 3) For taxes levied in the third year of abatement: 50%
  - 4) For taxes levied in the fourth year of abatement: 50%
  - 5) For taxes levied in the fifth year of abatement: 50%
  - 6) For taxes levied in the sixth year of abatement: 50%
  
- C) Said abatements shall be for six (6) consecutive years beginning with the real estate taxes payable in the year following the first full year of a project’s commercial operation after which said improvements have been made and fully assessed. Abatement for a specific project will cease after the sixth year or upon expiration, termination or decertification of the Zone, whichever is sooner.
  
- D) The above property tax abatements shall be applicable for Eligible Project Types for improvements to real property upon which new construction, improvements, renovation or rehabilitation, for which a building permit is required and one has been obtained, has been completed after January 1, 2017, and before the expiration, termination or decertification of the Zone, whichever is sooner. Abatement shall only apply to the incremental increase in taxes assessed as a result of the project and its related improvements.

Questions as to the eligibility of a project and resulting improvements will be decided by the Zone Administrator. The Zone Administrator shall consult with the Enterprise Zone Advisory Board as necessary.

- E) Regulatory and Legal Compliance. Recipients of Enterprise Zone property tax abatement shall comply with all federal, state and local environmental laws and regulations. Failure to comply shall be as determined by the applicable Designating Unit of Government where the project is located.
  
- F) Upon the effective date of this ordinance, all incentives, Enterprise Zone property tax abatements and benefits previously offered and in effect within the boundaries of the **CITY OF ROCHELLE** and the former Lee County Enterprise Zone

#9 shall continue as originally awarded during the term of the newly designated Zone for the following groups:

- 1) Recipients of Zone property tax abatement benefits or incentives in the **CITY OF ROCHELLE** on the effective date of this ordinance; or,
- 2) Projects which are proposed or under development on the effective date of this ordinance, if the project owner demonstrates that the proposed project has been committed to locating or expanding in the Zone; or,
- 3) Projects where substantial or binding financial obligations have been made; and such commitments have been made in reasonable reliance on the benefits and programs which would have previously been available as described in 1) and 2) above.

G. Applicants meeting qualification criteria outlined above must enter into a Memorandum of Understanding with the Zone through its Zone Administrator, outlining projected job creation and/or job retention numbers and capital investment for the project and setting forth performance measures and enforcement provisions. The Zone Administrator is hereby authorized to enter such agreements on behalf of the Zone.

- 1) Recipients of property tax abatement must agree to maintain a minimum of 75% of the employment levels at the location as described in the Memorandum of Understanding for the term of abatement. Except as set forth in (4) below, failure to maintain a minimum of 75% of the employment levels for the entire term of the abatement shall result in the immediate termination of remaining abatement and/or the pro-rata repayment of previously abated real property taxes to the applicable Designating Units of Government and other affected taxing districts.
- 2) The Zone Administrator will annually monitor the performance of the recipients of property tax abatement in order to ensure that job and investment projections outlined in the Memorandum of Understanding are being met.
- 3) The Zone Administrator will also inform the recipient of required State of Illinois reporting requirements. Failure to report Enterprise Zone benefits as required by the Illinois Department of Revenue, and/or other state agencies, as may be dictated by state statute, may result in termination of all locally designated Zone benefits.
- 3) The Zone Administrator, after consultation with the Enterprise Zone Advisory Board, may elect to waive enforcement of any performance

measures outlined in the Memorandum of Understanding based on a finding that the waiver is necessary to avert an imminent, demonstrable, and material hardship to the recipient that may result in such recipient's insolvency or discharge of workers.

**Section 3 – NO ASSIGNMENT OR TRANSFER.** Enterprise Zone property tax abatement shall be specifically granted to the Applicant and may not be re-assigned or transferred without a Written Notice of Transfer Request being submitted to the Zone Administrator. In the event that the Applicant desires to transfer or assign any or all of its ownership of the subject property where the project is located, the transferor shall submit correspondence to the Lee Ogle Enterprise Zone Administrator requesting transfer of the abatement to the new owner for the time remaining on the abatement.

The Zone Administrator, after consultation with the Enterprise Advisory Board, shall review the request to transfer said abatement, and determine the transferee's eligibility for such transfer, subject to the terms and conditions of the Intergovernmental Agreement between the Designating Units of Government and compliance with the Act. The Zone Administrator shall notify the Designating Units of Government and other affected taxing districts that such a request has been made and the action taken by the Zone Administrator to address the transfer request.

**Section 4 – ADMINISTRATION.** The Administrator of the Zone (the "Zone Administrator") will be the President/CEO of the Lee County Industrial Development Association or other qualified party as determined from time to time by completing a Request For Qualifications process conducted by the Enterprise Zone Advisory Board in accordance with the Act and regulations promulgated thereunder. Administration of the Zone will be carried out as described in the Intergovernmental Agreement between the Designating Units of Government.

**Section 6 – ADMINISTRATION FEES.**

**Applicant Fees** - As allowed by the Act, the Zone Administrator of the Zone is hereby authorized to collect a Zone Administration Fee from the Applicant for the issuance of Sales Tax Exemption Certificates for Building Materials in order to offset the management and operational costs associated with the Administration of the Zone. Said fee shall be equal to .5 percent (1/2%) of the documented cost of building materials for each project up to a maximum of \$50,000 per Certificate (20 ILCS 655/8.2c). The Zone Administrator, after consultation with the Enterprise Zone Advisory Board, may also collect a reasonable processing fee from the Applicant for related Enterprise Zone activities such as boundary amendment applications, technical correction applications, and/or other applications resulting in an amendment to the Zone or Zone operating procedures, which may change from time to time. At no time will all fees combined, related to a single project, exceed \$50,000 or such amount as may be stipulated in state

statute. The **CITY OF ROCHELLE** shall have no liability for payment of such fee on behalf of the Applicant.

**Designating Units of Government** – The Designating Units of Government, including the **CITY OF ROCHELLE**, agree to provide financial assistance to the organization employing the Zone Administrator. Said assistance shall be calculated using a per capita rate of \$.75 cents (seventy five cents) based on the population of the respective Designating Units of Government according to the most recent decennial census as well as allocation of Enterprise Zone Acreage as described below:

Lee Ogle Enterprise Zone Funding Formula for EZ Administration Operating Expense

2010 Population Lee & Ogle Counties Source: US Census

Lee	36,031
Dixon	15,692
Ogle	53,497
Rochelle	9,574
Total population both counties:	89,528

Per Capita for EZ Admin: \$0.75/capita  
**Base Year Budget Amount for EZ Admin: \$67,146.00**

Maximum Total Available Acres Per EZ Statute:	100.0%	9,600.0 acres
Total Acres Allocated to Zone	89.4%	8,579.2 acres
Allocated to Lee County	51.0%	4,363.7 acres
Allocated To City of Dixon		1,157.3 acres
Allocated To Ogle County	49.0%	4,197.3 acres
Allocated To City of Rochelle		3,130.4 acres
Acres Held in Reserve for Future Development	10.6%	1,020.8 acres
Lee County Share	\$ 11,220	
City of Dixon Share	\$ 23,080	
51.0% of Budget	\$ 34,226	Lee County Share 51.0%
Ogle County Share	\$ 8,416	
City of Rochelle Share	\$ 24,504	
49.0 % of Budget	\$ 32,920	Ogle County Share 49.0%
	\$ 67,146	Budget 100%

The funding shall be adjusted each year for the following year according to the 3-year rolling average of each year's annualized October Consumer Price Index as published by the United States Bureau of Labor Statistics.

Said assistance is to be used in order to support the general management, operating and marketing expenses associated with the Zone. Funds may not be used for purposes unrelated to the costs of Zone operations.

**Section 6 – TAX INCREMENT FINANCING DISTRICT OR REDEVELOPMENT AREA**

**OVERLAY.** In the event that a Tax Increment Financing (TIF) District or redevelopment district or project area (20 ILCS 655/5.4.1) is, will be, or has been created by a municipality under Division 74.4 of the Illinois Municipal Code, and said redevelopment project area contains property that is located in an enterprise zone, and the municipality adopts an enterprise zone designating ordinance pursuant to Section 5.4 of the Act specifically concerning the abatement of taxes on property, as in Section 2 above, located within a redevelopment project area created pursuant to Division 74.4 of the Illinois Municipal Code, and the Department certifies the Ordinance, then the property that is located in both the enterprise zone and the redevelopment project area shall not be eligible for the abatement of taxes under Section 18-170 of the Illinois Property Tax Code.

**Section 7 – LOCAL SOURCING STATEMENT.** The Designating Units of Government encourage recipients receiving Lee Ogle Enterprise Zone benefits, as provided herein, to utilize local labor and to purchase building materials locally.

**Section 8 – APPROVAL OF INTERGOVERNMENTAL AGREEMENT.** The Intergovernmental Agreement between the Designating Units of Government in substantially the form attached hereto in Addendum “B” is hereby approved. The Mayor is authorized and directed to execute said Intergovernmental Agreement on behalf of the City of Rochelle. Said Intergovernmental Agreement shall become effective as set forth therein.

**Section 9 – CONFLICTING LANGUAGE.** All Ordinances or parts of Ordinances conflicting with any provisions of this Ordinance shall be and are hereby repealed.

**Section 10 – EFFECTIVE DATE.** This Ordinance shall be in effect from the date of and after its passage, approval and publication, recording and upon certification of the new Enterprise Zone designation by the Department, according to law. Failure to receive certification of the Zone by the Department will render this Ordinance null and void.

**PASSED BY THE ROCHELLE CITY COUNCIL**

**THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2015.**

**BY: \_\_\_\_\_  
City of Rochelle Mayor**

**ATTEST:**

\_\_\_\_\_  
**City Clerk  
City of Rochelle  
420 North 6<sup>th</sup> Street  
Rochelle, Illinois 61068**