



CHAMPION REALTY ADVISORS, LLC

Financial Assistance for Industrial Projects in Illinois

Corporations seeking to relocate within the state of Illinois have various alternatives when it comes to Financial Assistance Programs. Putting forth the extra effort in investigating these options is well worth your time. Your extra effort can equate to substantial savings over the term of your project. The following is a list of various types of financial assistance programs available to you for your industrial projects:

1. Tax Increment Financing (TIF)

Tax increment financing allows a municipality to form a TIF district and to freeze the assessed value of the property your company is considering within the TIF district. The municipality can then borrow money through issuing bonds or notes and can use the money to pay for various costs that are eligible. The bonds or notes are then repaid from the incremental increase in taxes being generated by the new development. The municipality may pledge real estate taxes, sale taxes, entertainment taxes and utility taxes to repay the TIF obligation. All TIF's are created pursuant to the Illinois Municipal Code. Your time line for a TIF approval will be approximately 8 to 12 months from the commencement date.

2. Industrial Revenue Bonds (IRB's)

IRB's are issued pursuant to the Internal Revenue Code by either a Municipality or the Illinois Development Finance Authority (IDFA). In order to issue IRB's there must be a volume cap allocated to the project. Volume cap can be acquired either through the municipality where the project is located or through the IDFA. Volume cap is allocated to home rule municipalities based on population. Non-home rule communities can access IRB cap by purchasing excess cap from home rule communities or through the IDFA. IRB's allow the user to borrow money at tax-exempt rates. An IRB project cannot exceed \$10 million in size. This cap also includes the users capital expenditures for the three years before the issue and three years after the issue in addition to the entire costs of the new project. This financing vehicle works well for small companies looking to relocate to a new facility. To qualify for IRB's your business must be a true manufacturer. Using IRB financing does require a substantial investment in upfront costs, which should be carefully analyzed prior to embarking on the IRB process.

3. Empowerment Zone Bonds

Empowerment Zone Bonds can be issued for projects within a federally designated enterprise area. The empowerment zone bonds allow the borrower to obtain tax-

exempt rates. Unlike IRB financing, the manufacturing requirement does not apply to the Empowerment Zone Bonds. The Federal Government allocates \$120 million per designated urban zone. Volume cap is assigned to each empowerment zone by the municipality controlling the urban zone. A key component of empowerment zone financing is that upon the projects completion you must hire 50% of your employees from within the boundaries of the empowerment zone.

4. Tax Abatement

Tax abatements provide for a graduated assessment of new improvements. This type of financial incentive is provided at the county level. A petition is served to the County authority by a municipal government in the form of a municipal resolution. The County served then considers the application and grants or denies the approval. An important thing to remember is in a State designated enterprise zone, once a municipality approves the resolution and submits it to the County, the County's approval is automatic. This is a great vehicle for new industrial projects where a TIF cannot be obtained.

5. State Supported Incentive Programs

State Treasurer's Economic Program (STEP)

STEP was created to encourage and promote economic development and expansion of businesses in Illinois. The STEP program provides Illinois companies with access to affordable capital to expand their operations and retain or create jobs in the state. For each permanent full time job that is created or retained, the State Treasurer can deposit up to \$25,000 at below market rates into the borrower's financial institution. That institution will then lend the money at below market interest rates to the borrower.

Industrial Training Program

Provides for training of new employees or upgrading the skills of your existing workforce. Grants may be awarded to individual companies.

Participation Loan Program:

Provides Financing for business start-up, expansion, modernization and competitiveness improvement. Illinois Department of Commerce and Community Affairs (DCCA) will participate in small business loans up to 25% of the total project cost, but not less than \$10,000 and no more than \$750,000. Loans are offered through banks and other lending institutions.

Remember that extra effort you make today can have a positive effect on the bottom line tomorrow.



For more information on incentives available for relocation or for assistance with any real estate matter contact **Rich Antczak, Director of Client Services** at Champion Realty Advisors, LLC. Champion is a team of unique professionals focused on providing Corporate America with effective real estate solutions through teamwork, technology and creativity. Check us out at www.championre.com or call us at 630-887-8833.