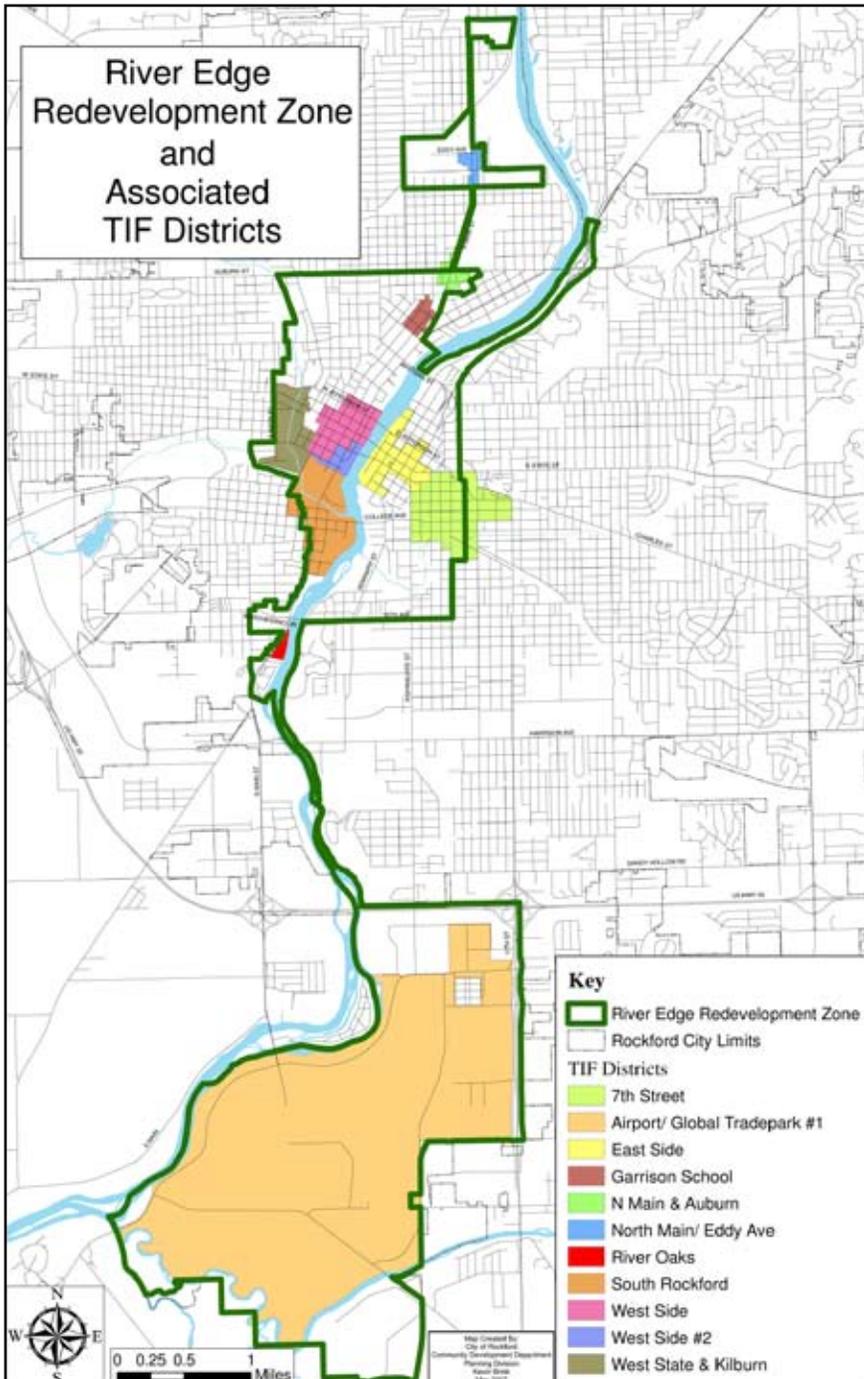


# Rockford's River Edge Redevelopment Zone



The State of Illinois created the River Edge Redevelopment Zone program to stimulate the safe and cost-effective development of environmentally challenged properties near rivers through the use of tax incentives and grants. Used to their fullest extent, these incentives can result in substantial savings for both property and business owners. We encourage you to investigate the opportunities River Edge presents and would be happy to help you navigate these waters in person if you need further assistance!

## RIVER EDGE GOALS

River Edge was set up to create and retain jobs, and stimulate business and industrial retention and growth. What sets it apart from other such programs is its emphasis on returning environmentally-challenged sites ("brownfields") to productive use.

## LIFE OF THE ZONE

Once certified, a River Edge Redevelopment Zone may be in effect for up to 30 years. That means that Rockford's Zone should be in effect through 2037.

## ZONE ELIGIBILITY REQUIREMENTS

The State Legislature required the City of Rockford to show that the area it proposed to include in the Zone met the following criteria:

- Includes a single, contiguous area that is next to or near a river, the Rock River in our case;
- Covers between 1/2 and 12 square miles (Rockford's is about 8 square miles);
- Exists entirely within the City of Rockford and has at least 100 acres of environmentally-challenged land within 1,500 yards of the river (Rockford has about 425 acres); and
- Does not include any area included in an Enterprise Zone.

## RIVER EDGE REDEVELOPMENT ZONE INCENTIVES

The River Edge Program is designed to achieve its goals through use of several incentives created by the State. Two of these – the property tax abatement and sales tax exemption – will be administered by City staff. The others involve deductions or credits that may be claimed on Illinois income taxes. We have included a brief description of each incentive here; for a more detailed one, contact Jovita Donahue, Rockford's Deputy Zone Administrator, at 815-987-5632.

## INVESTMENT TAX CREDITS

Allow River Edge businesses to claim an additional 0.5% credit on their State income tax for the cost of qualified depreciable property placed in service in the Zone. This credit is in addition to the existing 0.5% investment tax credit allowed all manufacturers in Illinois on state income taxes.

## JOBS TAX CREDITS

Allow a business a \$500 credit on its Illinois state income tax for each job it creates in the River Edge Zone for which a certified dislocated worker is hired. To qualify for the credit, at least 5 such workers must be hired and all 5 must be employed for at least 180 consecutive days for 30 hours a week in the company's taxable year. Any unused portion of the credit may be carried forward 5 years.

## ENVIRONMENTAL REMEDIATION TAX CREDIT

Allows for a credit against state income taxes for some non-reimbursed eligible costs for remediation work done on a site in the Zone resulting in a "No Further Remediation Letter" being issued and recorded. This requires a joint review by the Illinois Environmental Protection Agency (IEPA) and the Illinois Department of Commerce and Economic Opportunity (DCEO). The property must be in IEPA's Site Remediation Program to receive the NFR letter. The credit is 0.25 for each dollar spent for non-reimbursed remediation expenses. The credit can be transferred with the property and carried forward for 5 years. Applications can be obtained from IEPA. Contact Gary P. King, 217/782-0245, gary.king@illinois.gov

## DIVIDEND INCOME REDUCTION

Individuals, corporations, trusts and estates may deduct an amount equal to dividends paid to them by a corporation that conducts substantially all of its operation in the Zone from their taxable income.

## INTEREST INCOME DEDUCTION

Allows financial corporations to deduct an amount equal to the interest received for a loan for development in the Zone from their corporate state income tax. The loan must be secured by qualified property in the Zone.

## BUILDING MATERIALS SALES TAX EXEMPTION

Allows for exemption of any sales tax on Illinois-purchased construction materials for non-residential projects within the Zone. Forms you will need to claim this exemption are available from the Rockford Department of Community Development.

## PROPERTY TAX ABATEMENT

The City portion of property taxes on a parcel may be abated for a period of three years unless the property is in a TIF district or an area designated as a Redevelopment Area under the Industrial Jobs Recovery Law. The amount of the abatement cannot exceed the amount attributable to the construction of improvements or the rehabilitation of existing improvements on the parcel. Applications and details for this abatement are available from the Rockford Department of Community Development.

## APPLICABLE GRANTS

The City of Rockford will be eligible for a maximum of \$2,000,000 in grant funds under IEPA's Municipal Brownfields Redevelopment Grant Program. Grant funds in excess of \$240,000 (what Rockford would normally be able to apply for) must be used for projects located in the River Edge Zone for coordination of activities related to brownfields redevelopment ranging from assessment to remediation, including all the reporting required for these activities. These funds are to be used for coordination of activities related to brownfields redevelopment ranging from assessment to remediation, and including all the reporting required for these activities. *These funds may only be used on projects that are publicly owned or will be acquired by the City of Rockford.*

DCEO may provide Capital Improvement Grants that can be used to reimburse the cost of bondable capital improvements needed for a redevelopment project within the Zone. These funds may also be used to assist with infrastructure to provide job growth in the Zone with a focus on the re-use of environmentally challenged property. [Funds for this grant program are not available until the State of Illinois enacts a Capital Budget.]

Finally, legislation for the River Edge Program provides for the creation of Designated Zone Organizations (DZO) which will carry out activities within the Zone that benefit residents and businesses there. A business may receive a deduction against income subject to Illinois income taxes for a contribution to a DZO if the project for which the contribution is made has been specifically approved by the City of Rockford and by DCEO.

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### For more information contact:

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*Leading Boldly. Working Together.*