

Operational Services

Tax Abatement

The Revenue Act of 1939, Section 162e (35 ILCS 200/18-170), as amended, provides that any taxing district may abate any portion of its taxes on property located in an enterprise zone where new improvements have been erected or where existing improvements have been renovated or rehabilitated after September 21, 1986. The amount of abatement is limited to the amount attributed to the new construction or renovation or rehabilitation on the property.

A tax abatement plan or policy would reduce the amount of taxes paid by a property owner. The plan calls for tax abatement on new commercial and industrial construction and/or improvements. The plan would set a time limit for these reductions and specify certain other requirements.

I. Liability

The development of real estate improvements will lead to favorable consideration of tax abatement by the Board of Education under the following circumstances:

- A. The improvements will be for a company or corporation new to the District or a local company expanding current options;
- B. The tax abatement will be allowed only to those firms electing to locate within an enterprise zone established by the City of Rockford and within the boundaries of the District;
- C. The improvements will generate an increase in school real estate taxes over the taxes presently produced by the property proposed to be improved; and
- D. Residential real estate and real estate owned by non-taxpaying organizations will be excluded from consideration for tax abatements.

II. Guidelines

- A. No tax abatement shall be granted in excess of 100% of the tax produced by the improvement;

- B. The abatement shall not exceed three concurrent tax years in concert with the City of Rockford at 100% beginning with whenever the first year for abatement commences;
- C. After the third year, the abatement shall cease; and
- D. Any real property tax abatement granted under this policy shall begin with such taxes for the year in which the tax abatement resolution is filed with the County Clerk, if such resolution is filed prior to July 1. If such resolution is filed after July 1, taxes shall be abated beginning with the following year's taxes. Tax abatements granted under this Ordinance shall be according to the following schedule:

Community Benefit to Cost Ratio	Term of Abatement	Level of Abatement
2:1	1 year	100%
	2 years	100%
	3 years	100%

or

Total Investment Compared to EAV	Term of Abatement	Level of Abatement
15:1	1 year	100%
	2 years	100%
	3 years	100%

- E. Any tax abatement action by the Board of Education will be conditioned upon not less favorable tax abatement action by other tax districts having jurisdiction over the subject property.
- F. Any tax abatement will require two-thirds majority of the Board to approve.

- III. The Board of Education's approval or denial will be based upon whether the community benefit to cost ratio as determined by the formula established by the City of Rockford for approval of the abatements in Enterprise Zone is 2:1 or greater or if the 2:1 benefit cost ratio does not work on the property, the ratio for total investment compared to EAV on the increased assessed value of construction is 15:1. The Board may rely upon the analysis of the City in making such a determination or may conduct an independent analysis as to whether a project meets the 2:1 community benefit to cost ratio meets the 15:1 total investment compared to EAV increase, or the criteria of the cost for tax abatements in an Enterprise Zone.

IV. Instructions for Application for Real Estate Tax Abatement

Any owner of real property in Enterprise Zone of the City of Rockford seeking tax abatement under this policy shall file an application for such abatement with the Chief Financial Officer on the form provided for that purpose. The application shall be filed within 90 days of the completion of the improvements for which abatement is sought. Final determination of the eligibility of the applicant for an abatement of taxes under this policy shall be made by the Board.

For further information, contact:

Chief Financial Officer
Rockford Board of Education
501 7th Street Rockford IL 61104
(815) 966-3063

- V. The Superintendent shall report bi-annually all current tax abatements.

Adopted: March 11, 1997
Revised: April 23, 2002
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