



**CITY OF HIGHLAND PARK
SALES TAX REBATE PROGRAM GUIDELINES
TO FACILITATE BUSINESS ATTRACTION & RETENTION**

8-12-2013

The City Council adopted the following Guidelines for evaluating requests for sales tax rebates for new and existing City businesses. The information detailed herein serves as a guide for applicants and the City. A sales tax agreement with terms and conditions specific to each proposal is subject to approval by the City's Corporate Authorities.

The goals of the Sales Tax Rebate Program are as follows:

1. Stimulate sales tax growth and create jobs in Highland Park by incentivizing retail businesses to locate or expand in the City;
2. Preserve existing level of sales tax revenues to ensure budget sufficiency; and
3. Protect the interests of the City and its citizens with a thorough and objective review of such requests.

The procedures outlined herein are intended to treat sales tax rebate proposals in a fair manner to ensure the validity and merit of individual requests.

A. PROCEDURE FOR REVIEW

Projects that are underway, complete, or property that has already been acquired prior to filing of a completed application with City are not eligible for sales tax rebates.

1. Sales tax rebate requests shall be filed with the City of Highland Park's Office of Economic Development, 1707 St. Johns Avenue, Highland Park, Illinois 60035. Projects entailing multiple business sites must submit separate requests for each business location seeking a sales tax rebate. Each request shall include the following information:
 - a. Projected sales volume and projected sales tax revenue to be generated during the next ten years, broken down by year with and without the use of sales tax rebates;
 - b. A detailed breakdown of eligible development expenses for which a rebate is sought, in accordance with Section B.2 of these Guidelines (land acquisition, infrastructure development, site improvements, public amenities);
 - c. The total requested rebate;
 - d. A completed Application for the Rebate of Taxes (for existing business applicants only); and

- e. A \$5,000 non-refundable deposit, for use by the City to pay for expenses incurred by the City in analyzing the proposal. The City may retain legal and accounting experts, as it deems necessary to review the proposal and to report to City staff and the City Council as to the economic benefits to be derived from the proposal.

Should the City anticipate incurring costs exceeding the \$5,000 deposited, the City will advise the applicant of the additional expenditures anticipated. Should the applicant choose to proceed with its application, the City will bill for the additional expenditures as they are incurred, which the applicant must promptly reimburse. Such expenses shall be considered part of an applicant's eligible costs for the purposes of computing the total sales tax rebate.

2. All sales tax rebate requests will be reviewed by City staff for completeness. After City Staff determines that the application is complete, meeting(s) will be scheduled between City staff and the applicant to review the application and discuss the project.
3. Upon the conclusion of City staff's negotiation of applicable business terms that will comprise a proposed agreement, the Committee of the Whole (COTW) shall review each application and staff recommendation. As needed, the applicant shall meet with the COTW or a subcommittee to outline and discuss the sales tax rebate proposal in further detail.
4. If the COTW recommends the approval of business terms for a proposed sales tax rebate, City staff and the City's Corporation Counsel will prepare a draft agreement containing all recommended terms, forward the draft to applicant for review and comment, and then present the proposed agreement to the City Council for formal consideration at a City Council meeting.
5. If the COTW recommends disapproval of the proposed sales tax rebate, the applicant may petition the City Council for further consideration of the proposed sales tax rebate.
6. The City Council shall have no obligation to consider any sales tax rebate request, regardless of whether the COTW has recommended approval or disapproval of the sales tax rebate request. No sales tax rebate request shall be effective unless and until the City Council adopts a resolution approving the sales tax rebate as well as an agreement, prepared by and acceptable to the City's Corporation Counsel, codifying the terms and conditions of the sales tax rebate. The adoption of such resolution shall be at the sole and absolute discretion of the City Council, and nothing in these Program Guidelines shall be deemed or interpreted as obligating or requiring the City Council to adopt such resolution, or to approve any sales tax rebate or enter into any sales tax rebate agreement.

B. ELIGIBLE EXPENSES

In determining the amount of sales tax rebate for which a project is eligible, expenses incurred in connection with the following shall be considered:

1. Land acquisition with a maximum cap of 50% (not to exceed fair market value)
2. Infrastructure development including stormwater detention and flood plain compensatory storage
3. Site improvements such as building improvements and facility expansion, including, without limitation, the following:
 - a. Structural Building Improvements
 - General Building Improvements (e.g. facility remodeling or expansion)
 - Façade Improvements
 - Roof Improvements
 - Interior Improvements
 - b. Non-Structural Building Improvements
 - Building Mechanical Improvements (e.g. plumbing, electrical, HVAC, etc.)
 - Floor Improvements
 - Door & Window Improvements
 - Lighting Improvements
 - Accessibility Improvements
 - c. Exterior Site or Aesthetic Improvements
 - Landscape Improvements
 - Signage Improvements
 - Lighting Improvements
 - Parking or Lot Improvements

- d. Public amenities including plazas, traffic calming or safety improvements and provision of additional parking capacity above that which is required by the City Code
- e. Environmental clean-up expenses may be eligible for a sales tax rebate provided the improvement pertains to new business clean-up or business expansion clean-up as required by the Illinois Environmental Protection Agency or other local authority.

C. ELIGIBILITY & CONDITIONS OF SALES TAX REBATES

Businesses may be eligible for a sales tax rebate from the City in accordance with the following:

1. The primary source of revenue for the applicant business must generate sales tax.
2. The use of sales tax rebates will be considered in circumstances in which the development or capital investment would not occur but for the provision of a sales tax rebate from the City.
3. The City will not consider an agreement with an applicant that is engaged in litigation against the City or any of its departments, boards, commissions, or affiliated entities.
4. Sales tax rebates will be used only for projects that will significantly increase sales tax generation as determined by the City.
5. The sales tax rebate must be related to the completion by the applicant of physical improvements to the business location.
6. The maximum sales tax rebate shall be equal to the amount of the improvement and shall not exceed \$2,000,000, excluding land acquisition. A greater rebate may be considered depending on the magnitude of the site improvements coupled with the increased sales tax revenue proposed to be generated from the property.
7. For all applicants, the rebate period shall be limited to not more than 10 years or the total sales tax rebate, whichever comes first. The total sales tax rebate shall be determined by the City based on the information provided by the applicant.
8. Subject to inspection by the City and a cost certification, rebate funds may not be issued until such time that all agreed-upon expenditures are incurred and the project and all approved improvements are complete, as determined by the City.

Existing Businesses

For purposes of these Guidelines, an existing business shall be defined as a business that has been conducted, in whole or in part, on real property located within the corporate limits of the City for a period of at least 12 continuous months, and has generated from that location, during that 12-month period, taxable sales of at least \$1 million, as determined by the most recently completed calendar year preceding the application for sales tax rebate.

1. Existing businesses shall have obtained all required City licenses and permits, and shall not have any outstanding City taxes, fines and fees due to the City.
2. Existing businesses must make a minimum capital investment of \$75,000 in eligible expenses in connection with the proposed project (i.e. an improvement to existing facilities or development of new facilities).
3. Eligible developments for existing businesses must generate minimum taxable sales of \$1 million per year, as determined by the most recently completed calendar year preceding the application for sales tax rebate.
4. The City will rebate not more than 50% of sales tax revenues generated above an amount equivalent to 100% of the sales tax paid to the City by the applicant during the most recently completed calendar year occurring prior to project completion or issuance of a certificate of occupancy by the City.

New Businesses

1. New businesses must make a minimum capital investment of \$250,000 in eligible expenses in connection with the proposed project.
2. The City will rebate not more than 50% of all eligible expenses in connection with the proposed project.
3. The City will rebate not more than 40% of all sales taxes generated up to the total approved sales tax rebate.
4. A business that enters into a sales tax rebate agreement with the City as a new business will be prohibited from applying as an existing business for a period of ten years from the inception of the original agreement.

D. SALES TAX REBATE AGREEMENT

A Sales Tax Rebate Agreement with terms and conditions specific to each proposal is subject to approval of the City's Corporate Authorities. The Sales Tax Rebate Agreement shall include, without limitation, the following terms:

1. A Refund of Rebate clause, stating that:
 - a. If the business ceases operations at the site at any time during the term of the agreement, the applicant must refund to the City the entire amount of the sales tax rebate received prior to the business closure; provided, however, that if a new business ceases operations at the site after the first five years of the agreement, the applicant may substitute another like business generating similar sales tax revenue without refunding the amount of the sales tax rebate received to date.

- b. To secure the refund, the agreement will be recorded against the property, except as the City and the applicant may mutually agree.
2. A Change in the Law clause, stating that the rebate is predicated on current State law governing the distribution of sales taxes to the City.
3. A Limited Liability clause, providing that the City shall have no obligation to rebate any sales tax revenues that are not received by the City from the State of Illinois.
4. To verify the amount of sales tax generated, the applicant is required to allow City representatives to inspect copy(s) of applicable State of Illinois Sales Tax Reports. In addition, the applicant must sign a release authorizing the State of Illinois to issue reports to the City on sales tax generated by the developer from the property.
5. Upon request by the City, the applicant shall provide for City review an independent audited financial statement, executed copies of forms submitted to the Illinois Department of Revenue, or other financial statements or documentation demonstrating financial stability and providing sales volume generated and sales taxes paid by the business during the five most recently completely calendar years. Said documentation shall be in a manner acceptable to and as directed by the Office of the City Manager.
6. Under the State of Illinois Prevailing Wage Act, prevailing wages must be paid for fixed works constructed in whole or in part with grants or other funds provided by a municipality. Among your obligations as a recipient of such funds is to file a certified payroll with the City, as set forth in Section 5 of this Act. For more information about the Prevailing Wage Act, please visit the Illinois Department of Labor's [website](#). Certified payrolls should be sent to:

City of Highland Park
Deputy City Manager/City Clerk
1707 St. Johns Avenue
Highland Park, IL 60035

Revised:

August 12, 2013
April 8, 2013
March 1, 2012
November 24, 2008
February 28, 2005
April 14, 2003



**CITY OF HIGHLAND PARK, ILLINOIS
APPLICATION FOR A REBATE OF TAXES
FOR NEW & EXISTING BUSINESSES / APPLICANTS**

**City Manager's Office
Attention: Office of Economic Development
City of Highland Park
1707 St. Johns Avenue
Highland Park, Illinois 60035**

Application Fee: \$5,000.00

Project Location: _____

Type of Business Activity: _____

Applicant Name: _____

Address, City, State, Zip: _____

Home Telephone: _____ Work Telephone: _____

If Other than Applicant, Property Owner's Name: _____

Address, City, State, Zip: _____

Home Telephone: _____ Work Telephone: _____

1. Please Describe Proposed Improvements (A list of eligible expenses appears on pages 3 - 4 of the attached Guidelines):

2. Total Cost of Project: \$ _____

3. Total Cost of Eligible Improvements: \$ _____

4. Total Requested Rebate: \$ _____

5. If Applicant is an Existing Business is Applicant Current on City Licenses & Permits?

YES NO

6. If Applicant is an Existing Business Does Applicant Have Any Outstanding Code Violations or Citations with the City?

YES NO

7. If Applicant is an Existing Business Does Applicant Have Any Outstanding Invoices or Payments Owed to the City?

YES NO

8. In addition to this completed Application form, please submit the materials listed below:

- A completed and signed release authorizing the State of Illinois to issue reports to the City on sales tax generated by the developer of the property (Attached).
- Projected sales volume and projected sales tax revenue to be generated during the next ten years, broken down by year with and without the use of sales tax rebates;
- A detailed breakdown of eligible expenses for which a rebate is sought, in accordance with Section B. of the Guidelines;
 - A copy of all invoices and receipts for completed improvements
 - Legal property address, description, and PIN
 - A copy of the recorded deed
 - A copy of the sales contract, transfer tax documents, or other contract-related documents identifying the price paid for the property, if seeking a rebate for land acquisition.
 - A copy of the executed lease, if occupying this property as a tenant.
- A \$5,000 non-refundable deposit, for use by the City to pay for expenses incurred by the City in analyzing the proposal. The City may retain legal and accounting experts, as it deems necessary to review the proposal and to report to City staff and the City Council as to the economic benefits to be derived from the proposal.

