



Illinois State Association of Counties

POSITION STATEMENT

JANUARY 1, 2025

COMMUNITY REVITALIZATION ZONE ACT

SUPPORT

Counties have a legitimate public policy interest in enhancing economic activity and addressing economic disparities that impact residents living within unincorporated areas. Illinois law provides tools for local governments to promote economic development, economic opportunities and prosperity. These tools include tax incentives, financial investments and programs targeted at improving the quality of life of persons in different regions of the state and within individual units of local government.

Current Law:

Under current law, the base state sales tax rate for tangible personal property is 6.25 percent. This tax rate is provided for by statute and can only be changed by an action of the General Assembly and Governor.

Proposed Change:

The proposed legislation would authorize counties and municipalities to designate an area within their respective jurisdictions as a community redevelopment zone via ordinance. The bill would amend the Use Tax, Service Use Tax, Service Occupation Tax and Retailers' Occupation Tax to implement a reduced sales tax rate of 3.25 percent for tangible personal property purchased from retailers located within designated community redevelopment zones. This reduced rate would not apply to certain types of tangible personal property already subject to a lower tax rate of 1 percent or 1.25 percent under existing tax laws.

Qualified areas must be contiguous, located entirely within the unincorporated areas of a county or entirely within a municipality, comprise a minimum of one-half square mile and not more than 12 square miles in total area (excluding lakes and waterways) and have a median household income of less than \$45 thousand per year.

A county or municipality would be authorized to designate a community redevelopment zone following certification by the Illinois Department of Commerce and Economic Opportunity (DCEO). A community redevelopment zone could not have a term exceeding 10 years.

Each month, DCEO must allocate 62% of the net revenue from the 3.25% general rate on the selling price of tangible personal property purchased from retailers in a Community Revitalization Zone created under this Act to the General Revenue Fund, with the remaining 38% directed to the State and Local Sales Tax Reform Fund.

INCREASE ECONOMIC ACTIVITY IN AREAS WITH LOWER MEDIAN HOUSEHOLD INCOMES.