



ROCKFORD RIVER EDGE REDEVELOPMENT ZONE SALES TAX EXEMPTION ON BUILDING MATERIALS

The City of Rockford's River Edge Redevelopment Zone was created August 24, 2007 to stimulate safe and cost-effective re-use of "environmentally challenged" properties that are next to or near the Rock River through the following means:

- ♦ job creation and retention;
- ♦ public/private partnerships designed to create a favorable business climate;
- ♦ stimulation of business and industrial growth and retention; and
- ♦ encouragement of new private investment.

An important tool in this program is the sales tax exemption available on construction materials used on non-residential projects within the River Edge Zone. To take advantage of this incentive, the business or property owner must meet some basic requirements and follow procedures set up for the program. First, the Zone Administrator of the River Edge Redevelopment Zone must certify that your project meets all the requirements for the building materials exemption in the River Edge Zone in which the building project is to be located. **Both a signed Zone Administrator's Certification and a signed Purchaser's Statement – both on the same form – must be left with the building supply retailer when the materials are purchased in order to obtain the building supplies sales-tax-exempt.**

STEPS TO FOLLOW TO OBTAIN THE SALES TAX EXEMPTION

1. As with any construction project, start by checking with the Rockford Building Department to see if you need a building permit for your proposed building plans. Obtain all required permits from the Building Department for any new construction and all remodeling that involves a revision to the structural makeup of the building. The Building Department (or Zoning Section, if Zoning clearance is required) will verify that the project is in fact located within the River Edge Redevelopment Zone and notify you that that is the case. Once you are made aware that you are improving a River Edge property, visit the Department of Community Development on the second floor of City Hall (or call 815/987-5632) for a Certificate of Eligibility signed by Rockford's River Edge Redevelopment Zone Administrator.
2. Once the Zone Administrator signs the Certification (*and before you fill in the Purchaser's Statement portion of the form*), make as many copies of the form as you expect to need to make purchases for the project.
3. Complete the bottom half of the form (Purchaser's Statement) for each purchase or group of purchases, being certain to sign and date the form. When you purchase your building materials, give the entire completed form (both Certification and Purchaser's Statement) to the retailer. The retailer will keep the form for his records to show that the building supplies are being used at the indicated River Edge Redevelopment Zone address.
4. The retailer, upon acceptance of the completed Certificate of Eligibility and Purchaser's Statement, will charge you only for the cost of the building materials with no sales tax added.
5. The Certification of the Zone Administrator and Purchaser's Statement are only good for the *specific building project certified*. When you undertake a new project on a River Edge property, visit the Building Department to check about another building permit and then come to the Community Development Department to check about a new Certification by the Zone Administrator. Even if you want to buy house paint sales tax exempt, you must have a signed Zone Administrator Certification.

River Edge Redevelopment Zone Sales Tax Exemption Procedure

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What qualifies as a building material eligible for the sales tax exemption? The building materials must be permanently attached to the real estate to be eligible for the sales tax exemption. Examples include lumber, bricks, paint, roofing, insulation, plumbing, heating and central air conditioning and permanently attached floor coverings (glued or attached with a tack-down strip), to name a few. Items that would **not** qualify include tools, machinery, freestanding appliances, window treatments and floor coverings not permanently affixed to real property, such as area rugs.

If the retailer wishes further verification or explanation, call the contact listed at the bottom of this page.

SPECIFIC PROCEDURES FOR BUILDING SUPPLY RETAILERS

1. **Obtain a completed Certificate of Eligibility and Purchaser's Statement (one page)**, making certain the specific address within the City of Rockford's River Edge Redevelopment Zone where the materials are being incorporated is listed and certified by the Zone Administrator. Also, be certain the bottom half of the form – the Purchaser's Statement – is signed and dated by the purchaser. The retailer should add an invoice number or a general listing of materials purchased so that he knows what specific materials were purchased for incorporation within the City of Rockford's River Edge Redevelopment Zone.
2. Do not charge the purchaser the 8.25% sales tax on the building materials purchased.
3. When filling out the monthly Illinois sales tax return (Form ST-1), include gross receipts from these sales in Item 1.
4. Continuing with Form ST-1, list the gross amount of River Edge Redevelopment Zone building materials sold on item 12 (page 2) of the worksheet and carry that amount over to page 1, line 2, labeled deductions. That amount will be deducted out for your sales tax liability.
5. **Keep the customer's completed Certificate of Eligibility and Purchaser's Statement for your records.** Do not send the statement to the Illinois Department of Revenue unless requested to do so at a later date.
6. Contact the City of Rockford Department of Community Development at 815/987-5632 with questions or call the IL Department of Revenue Legal Services Division at 217/782-2844.

FOR FURTHER INFORMATION

If you have questions or need further information, please contact

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815/987-5632