

CLASS 8 MICRO ELIGIBILITY BULLETIN

The Class 8 MICRO Incentive and Its Benefits:

The Class 8 MICRO real estate tax Incentive established by the Cook County Real Property Assessment Classification Ordinance ("Ordinance") is designed to encourage the manufacture, research or development of semiconductors, microchips, quantum computers, associated component parts, and services provided in support thereof consistent with 35 ILCS 45/Art. 110, the Manufacturing Chips for Real Opportunity Act ("MICRO Act"). The Class 8 MICRO incentive applies to industrial and commercial development in areas of the County which are experiencing severe economic stagnation. Class 8 MICRO is structured to permit the Assessor, upon application of the local governing body, to certify that such areas are in need of substantial revitalization.

This Incentive assesses qualifying real estate at a reduced assessment level (10%) for a period of thirty (30) years from the later of the completion of construction as evidenced by a certificate of occupancy or its equivalent, or the submission of an executed Class 8 MICRO agreement to the Assessor's Office. The Class 8 MICRO Incentive may not be renewed.

Who May Qualify for the Class 8 MICRO Incentive:

The eligible commercial and/or industrial businesses which may qualify for the Class 8 MICRO incentive include the following:

- 1) A semiconductor manufacturer, a microchip manufacturer, a quantum computer manufacturer, or a company focusing on research and development in the manufacturing of quantum computers, semiconductors, or microchips which intends to commit to the following:
 - (A) make an investment of at least \$1,500,000,000 in capital improvements at the project site; and
 - (B) to be placed in service within the State of Illinois within a 60-month period after approval of the application; and
 - (C) create at least 500 new full-time employee jobs
- 2) A semiconductor component parts manufacturer, a microchip component parts manufacturer, a quantum computer component parts manufacturer, or a company focusing on research and development in the manufacture of component parts for quantum computers, semiconductors, or microchips:
 - (A) make an investment of at least \$300,000,000 in capital improvements

at the project site; and

(B) manufacture one or more parts that are primarily used for the manufacture of semiconductors or microchips; and

(D) to be placed in service within the State of Illinois within a 60-month period after approval of the application; and

(E) create at least 150 new full-time employee jobs

3) A semiconductor manufacturer, a microchip manufacturer, a quantum computer manufacturer, a company focusing on research and development in the manufacturing of quantum computers, semiconductors, or microchips, or a semiconductor or microchip component parts manufacturer that does not qualify under paragraph (2) above:

(A) make an investment of at least \$2,500,000 in capital improvements at the project site; and

(B) to be placed in service within the State of Illinois within a 48-month period after approval of the application; and

(C) create at least 50 new full-time employee jobs or new full-time employees equivalent to 10% of the number of full-time employees employed by the applicant world-wide on the date the application is filed with the Illinois Department of Commerce and Economic Opportunity;

4) A semiconductor manufacturer, quantum computer manufacturer, microchip manufacturer, or semiconductor or microchip component parts manufacturer with existing operations in Illinois that intends to convert or expand, in whole or in part, the existing facility from traditional manufacturing to semiconductor manufacturing, quantum computer manufacturing, or microchip manufacturing or semiconductor, quantum computer, or microchip component parts manufacturing, or a company focusing on research and development in the manufacturing of quantum computers, semiconductors, or microchips:

(A) make an investment of at least \$100,000,000 in capital improvements at the project site;

(B) to be placed in service within the State of Illinois within a 60-month period after approval of the application; and

(C) create the lesser of 75 new full-time employee jobs or new full-time employee jobs equivalent to 10% of the Statewide baseline applicable to the taxpayer and any related member at the time of application.

In addition to the capital improvements required in subsection (A) above, the MICRO Act also requires the creation of full-time jobs in accordance with subsection (C); the jobs must have a total compensation equal to or greater than 120% of the average wage paid to full-time employees in the county where the project is located, as determined by the Illinois Department of Commerce and Economic Opportunity.

Additional requirements with respect to hiring and retention of full-time employees are described in 35 ILCS 45/110-20 (e).

A taxpayer may not enter into more than one agreement under the MICRO Act with respect to a single address or location for the same period of time. Also, a taxpayer may not enter into an agreement under the MICRO Act with respect to a single address or location for the same period of time for which the taxpayer currently holds an active agreement under the Economic Development for a Growing Economy Tax Credit Act.

What is required to qualify for the Class 8 MICRO Incentive:

- 1) The real estate must be located in an area which has been certified as in need of substantial revitalization in accordance with the Cook County Code of Ordinances, Subsection 74-65(i). "In need of substantial revitalization" is defined in the Classification Ordinance as follows:

“An area no less than 10 contiguous acres or more than 1 contiguous square mile in size which is in a state of extreme economic depression evidenced by such factors, as defined in the rules and regulations as promulgated by the Office of the Cook County Assessor, among others, as (a) substantial unemployment; (b) a low level of median family income; (c) aggravated abandonment, deterioration, and underutilization of properties; (d) a lack of viable industrial and commercial buildings whose absence significantly contributes to the depressed economic and unemployment conditions in the area; (e) a clear pattern of stagnation or decline of real estate taxes within the area as a result of its depressed condition; (f) a manifest lack of economic feasibility for private enterprise to accomplish the necessary modernization, rehabilitation and development of the area without public assistance and encouragement; and (g) other factors which evidence an imminent threat to public health, welfare and safety.” [74-62]

- 2) The project must meet the minimum eligibility requirements identified in 35 ILCS 45/110-20(c) and the applicant shall have entered into an Agreement with the Illinois Department of Commerce and Economic Opportunity pursuant to 35 ILCS 45/110-45(a).
- 3) An applicant must obtain an Ordinance, Resolution or letter from an authorized

officer from the unit of local government in which the real estate is located which contains to following:

- A) Describes the redevelopment objective of the municipality;
 - B) States the applicant's intended use of the property; and
 - C) States that an Economic Disclosure Statement, as defined in this Division, was received and filed by the municipality or County Board, as the case may be.
- 4) A certified copy of the Ordinance, Resolution or letter from the authorized officer from the unit of local government in which the real estate shall be included with the Class 8 MICRO application and submitted to the Cook County Bureau of Economic Development for verification.
- 5) An Application for Class 8 MICRO must be submitted to the Assessor. The applicant must demonstrate that the project qualifies for the Class 8 MICRO classification. The Assessor will review the application, and all required documentation, in determining the eligibility of the project for inclusion in Class 8 MICRO Incentive.

Application Procedure for Certification of an Area:

An application seeking certification of an area as Class 8 MICRO can be filed only by the municipality in which the area is located, or by the Cook County Board of Commissioners if the property is located in an unincorporated area. The municipality or the County Board as the case may be, must first adopt a resolution or ordinance stating that the Subject Area is in need of revitalization and that, without public assistance, development of the area cannot be accomplished. For an application for Class 8 MICRO certification of the area, a certified copy of the resolution or ordinance must be submitted to the Assessor along with data satisfying the Classification Ordinance definition of an area "in need of substantial revitalization". The application must include ample documentation of the depressed condition of the Subject Area and the surrounding "community area".

"Community area" is defined in Section 74-62 of the Ordinance as:

"An area within the City of Chicago so designated and identified by the **Social and Economic Characteristics of Chicago's Population:Community Area Profiles**, December, 1992, or revisions thereto, or in Cook County outside the City of Chicago, as defined by the municipality concerned or by the County in unincorporated areas." [Section 1(B)(10)]

The seven Section 74-62 factors indicating an area "in need of substantial revitalization", with suggestions for documentation (all data should cover at least 6 years), are as follows:

- A. Substantial unemployment:
- Data relating to this condition is available from the Illinois Department of Employment Security for municipalities and community areas. The data should demonstrate a pattern or trend of employment below levels found in the rest of the County.
- B. A low level of median family income:
- Data for this condition is in the Social and Economic Characteristics of Chicago's Population: Community Area Profiles, December, 1992, for the City of Chicago and in the U.S. Census of Population and Housing, for suburban areas. Data might also be presented showing a pattern or trend of above average, poverty level income in the area.
- C. Aggravated abandonment, deterioration, and underutilization of properties:
- For residential property in the subject or surrounding areas, data for this condition will be found in the Housing Characteristics of Chicago's Households: Community Area Profiles, December, 1992. For commercial and industrial property, studies by realtors, financial institutions, appraisers and developers may be used.
- D. A lack of viable industrial and commercial buildings whose absence significantly contributes to the depressed economic and employment conditions in the area:
- As in item C, subject and surrounding area data for this condition may be gathered from commercial and industrial realtors, financial institutions, appraisers and developers.
- E. A clear pattern of stagnation or decline of real estate taxes within the area as a result of its depressed condition:
- Documentation for this condition may be gathered from data on real estate taxes and assessments, delinquencies, tax sales and forfeitures for properties in the subject and surrounding areas.
- F. Manifest lack of economic feasibility for private enterprise to accomplish the necessary modernization, rehabilitation and development of the area without public assistance and encouragement:
- Data for this condition may be gathered from surveys of the area indicating trends in new construction, rehabilitation and abandonment and for trends of business movement into and out of the area. The source and extent of any public assistance given in the subject and surrounding areas should be identified.
- G. Other factors which evidence an imminent threat to public health, welfare

and safety:

Other data relating to general socio-economic factors in the subject and surrounding areas may be included here, such as crime statistics, fire statistics and building code violations.

Proof of "need [for] substantial revitalization" factors is cumulative and the Assessor need only be convinced that the overall pattern indicates economic stagnation. The absence of one of these factors, therefore, will not necessarily defeat the Class 8 MICRO Application. Since the Assessor may consider data for the "community area" surrounding the Subject Area, the local government should include this information in its Application. Also, factors evidencing the need for substantial revitalization, which are significantly more severe in the subject or surrounding areas than in the County as a whole, are of special importance in the Assessor's review of the Application.

Application Procedure for Individual Properties:

Once the Subject Area has been certified as "in need of substantial revitalization", individual property owners and developers within the area may apply to the Assessor for the Class 8 MICRO classification for any new construction, substantial rehabilitation or other property used for industrial or commercial use. The Class 8 MICRO Incentive Application for an individual property must be accompanied by a certified copy of an ordinance or resolution by the local government (or the County Board if the property is located in an unincorporated area) stating that the specific project is consistent with an overall plan for rehabilitation of the area. If a resolution is unavailable at the time the application is filed, a letter from the municipality or the County Board stating that a resolution or ordinance supporting the Incentive has been requested must be filed instead. In all circumstances, the resolution must be submitted by the time the applicant files an "Incentive Appeal Form" requesting the actual class change. A copy of a municipal resolution or ordinance will be forwarded by the Assessor's Office to the secretary of the Cook County Board of Commissioners for distribution to the Commissioners from the affected districts.

During the term of the Class 8 MICRO incentive, the recipient of the incentive must file an annual affidavit with the Cook County Assessor's Office attesting that the recipient continues to be in compliance with the Agreement entered into with the Department of Commerce and Economic Opportunity; continues to operate the commercial and/or industrial business which was a qualifying business under the MICRO Act; and has notified the Cook County Assessor's Office of any change of ownership and use within 90 days of the change.

Change of Ownership for the Class 8 MICRO Incentive:

If a property that is receiving a Class 8 MICRO transfers ownership, the transferee must establish use and compliance with 35 ILCS 45/Art. 110. In the case of a transfer of a property that is receiving a Class 8 MICRO incentive, the transferee must notify the

Assessor of the change in ownership and use within 90 days. If the transferee does not establish the property's use and compliance with the Class 8 MICRO classification, including any applicable agreement with the Illinois Department of Commerce and Economic Opportunity, the classification will terminate.

Questions about the Class 8 Incentive program may be directed to the Incentives Department of the Cook County Assessor's Office, 118 N. Clark, 3rd Floor, Chicago, IL 60602 (312) 603-7529.