

Business Incentive Program in Marengo (BIPiM) Guidelines

Purpose

The purpose of the BIPiM is to promote local sustainable growth, providing quality job opportunities, increasing the quality of life, as well as diversify and stabilize needed revenues for the procurement of services valued by the community.

What is the Business Incentive Program in Marengo (BIPiM)

This community lead program to incent business to expand, start-up, or relocate in Marengo by using a combination of property tax abatement, sales tax rebates, and fee reduction/waivers. Industrial Revenue Bonds and Revolving Loan Funds may also be used but have different requirements. To find out more contact the Marengo Economic Development Commission (MEDC) or City of Marengo for details. These “incentives” should not be viewed as “entitlements.”

Who Can Apply

Applicants may be any business who will potentially expand, start-up, or relocate within the municipal borders of Marengo who meet the minimum requirements and are in compliant with all federal, state, and local laws.

Minimum Requirements: An applicant must meet two of the following three criteria:

1. Create at least five (5) net new FTE jobs within a specified time; or
2. Pay at least twelve dollars (\$12.00) per hour average for the net new jobs created; or
3. Make a minimum capital investment of two hundred thousand dollars (\$200,000) within a specified time.

State Law Requirement Note: An applicant must demonstrate a high standard of creditworthiness and financial strength and must provide proof one of the following:

1. Corporate debenture ratings of BBB or higher by Standard & Poor’s Corporation or Baa or higher by Moody’s Investors Service, Inc.;
2. A letter from a financial institution with assets of \$10,000,000 or more attesting to the financial strength of the developer; or
3. Specific evidence of equity financing for not less than 10% of the total project costs.

Incentive Levels

Incentives offered will depend on job creation, average hourly wage, and capital investment. In general, the more jobs created, wages paid, and taxable investment the more incentives an applicant may be offered. The standard levels as of the program are below.

Property Tax Abatement: Property tax abatements are only for the new property taxes levied as a result from new taxable improvements made to a property as a result of the incentive. The three levels of property tax abatements are below with the percentages of taxes abated each year respectively.

3-Year:	90%, 60%, 30%
5-Year:	90%, 72.5%, 55%, 37.5%, 20%
10-Year:	90%, 81%, 72%, 63%, 54%, 45%, 36%, 27%, 18%, 10%

Sales Tax Rebates: All sales tax rebates are 10% of all sales tax collected by the City from the applicant incentivized business endeavor. An applicant may qualify for a three (3), four (4), or five (5) year sales tax rebates.

Fee Waivers/Refunds: Fee waivers and refunds will vary from project to project. The City will not waive any fees which are collected for the use by other taxing entities without their written permission.

Application Process

Any business which meets the above requirements may file a no-fee application for incentives by sending the official application, a copy of the business plan and the Chicago Metropolitan Agency for Planning's economic impact analysis input sheet to the Marengo Economic Development Commission located at 116 South State Street, Marengo, IL 60152 or by e-mailing a copy to edc@cityofmarengo.com. The Marengo Economic Development Commission will contact the applicant to confirm the applications submission.

Recommendation Process

MEDC will make a recommendation through the Business Recruitment, Retention and Expansion Committee who hold open meetings. The recommendation will be made primarily on the BIPiM Matrix.

Contract Writing Process

The City of Marengo Attorney will draft the contract for Business Incentives Agreement in a fashion that all BIPiM entities can vote on the same agreement. Any special clauses for an individual taxing entity shall be drafted by their attorney and submitted to the MEDC to be added "as is" before the Incentive Agreement is reviewed and renewed on an annual basis.

Taxing Entities Decisions on Property Tax Abatement Process

The MEDC recommended Business Incentive Agreement must be placed in any participating BIPiM tax entities next Agenda to be voted on. The taxing entities will independently make their decision on what to do and report their decision and/or action to the MEDC. If taxing entities change the recommendation that entity will be responsible for writing their own Business Incentive Agreement with the applicant.

Contract Signing Process

Once the decisions are made by BIPiM participating entities the MEDC will coordinate the signing of a single contract with the applicant and distribute copies of the signed agreement to all. The applicant may be required to provide additional information on current employment, sales tax records, and property tax records necessary for the administration of the agreement.

Administration of Business Incentive Program in Marengo (BIPiM)

Each taxing entity will file their property tax abatement with the County. The City of Marengo will monitor the progress of the agreement by requesting employment and tax records as needed to make sure the terms of the agreement are met. If the terms of the agreement are not met, the City of Marengo shall notify all participating entities as to the reason for a possible break of the agreement. Each taxing entity will be responsible for their fund recovery if deemed necessary.

Changes to BIPiM

Changes will be made each fall by a committee of a representative from each taxing entity with the MEDC as a facilitator of the meeting. The changes will be incorporated into the renewal of the Intergovernmental Agreement.