

Illinois Department of Revenue
J. Thomas Johnson, Director
101 West Jefferson Street
Springfield, Illinois 62794

INFORMATIONAL BULLETIN FY87-15E

TO: Building-Materials Retailers Located Within the Corporate
Limits of Elgin

SUBJECT: Sales Tax Exemption for Certain Sales of Building Materials
for Use in Enterprise Zones

If your business does not sell building materials, please disregard this bulletin.

Since the time your enterprise zone was designated, we have sent you several informational bulletins explaining the sales tax incentive available for purchasing building materials for use in the zone. The result has been that retailers have had to merge as many as four bulletins in order to figure out the current law and filing procedures.

The purpose of this bulletin is to eliminate that complicated task. This bulletin contains, in a single document, all the information you will normally need to know about the enterprise-zone sales tax exemption.

As of December 1986, here is the most current information on this exemption:

1. Your retail establishment must be located within the corporate limits of Elgin in order to be eligible to make these tax-exempt sales.
2. The purchaser must be buying building materials which will be incorporated in industrial or commercial (not residential) real estate in the zone by means of remodeling, rehabilitation, or new construction. NOTE: THE BUILDING IMPROVEMENT MUST BE OF THE NATURE AND SCOPE FOR WHICH A BUILDING PERMIT IS REQUIRED BY THE BUILDING CODE.
3. The purchaser must give you a signed statement indicating the address in the enterprise zone at which the building materials will be incorporated. (See the reverse side for an example of a Purchaser's Statement.)
4. You must report receipts from these sales on line 1 of your sales tax return (Form RR-1-A) and then deduct the receipts on line 13 or 14. Please identify the deduction as "Enterprise Zone Sales." NOTE: ELIGIBLE SALES ARE EXEMPT FROM STATE, LOCAL, MASS TRANSIT (REGIONAL TRANSPORTATION AUTHORITY) AND COUNTY SUPPLEMENTARY SALES TAXES. HOWEVER, THE REFERENCE TO COUNTY SUPPLEMENTARY TAX APPLIES ONLY TO BUSINESSES LOCATED IN THE PORTION OF ELGIN WHICH IS IN KANE COUNTY.

(THE ADDITION OF THE REFERENCE TO THE COUNTY SUPPLEMENTARY TAX IS THE CHANGE WE REFERRED TO AT THE BEGINNING OF THIS BULLETIN. COOK COUNTY DOES NOT IMPOSE A COUNTY SUPPLEMENTARY TAX.) ALSO, IF YOUR MUNICIPALITY IMPOSES A HOME-RULE SALES TAX ON SALES OF BUILDING MATERIALS, YOU MAY WISH TO CHECK WITH YOUR ZONE ADMINISTRATOR ABOUT WHETHER THE ENTERPRISE-ZONE EXEMPTION APPLIES TO THE HOME-RULE TAX.

If the law should change again so that these instructions are no longer accurate, we will, of course, let you know.

In the meantime, if you have questions or need more information, please contact us. Our address and telephone numbers are at the top of this bulletin.

J. Thomas Johnson
Director of Revenue

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