

Enterprise Zone McHenry County, Illinois

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What is the Enterprise Zone?

The McHenry County Enterprise Zone is here to drive economic growth in our community. This state-designated area offers a range of local benefits, from tax incentives and fee reductions to simplified processes, all designed to support local businesses and attract new opportunities. Whether you're starting a new venture or expanding an existing one, the Enterprise Zone makes McHenry County an ideal location for businesses across all sectors.



What we offer

Sales Tax Exemption

Businesses in the Enterprise Zone can benefit from both state and local sales tax exemptions on building materials for certified projects, significantly reducing construction costs. Certification from the Enterprise Zone Administrator is required to qualify.

Investment Tax Credit

Businesses can claim a 0.5% credit on state income taxes for investing in qualified properties like equipment, buildings, or machinery.

Jobs Tax Credit

Employers creating at least five new jobs within Enterprise Zones are eligible for a \$500 state income tax credit per employee. Jobs must be filled by eligible individuals, helping reduce unemployment and stimulate economic growth locally.

Utility Tax Exemption

Businesses operating within the zone can eliminate state taxes on electricity, natural gas, and telecommunications usage. This exemption helps reduce recurring operational expenses.

Property Tax Abatement

An 8-year property tax exemption on value increases is available, structured over three periods. The first four years provide 100% exemption, followed by two years at 50%, and final two years at 25%.

High Impact Business Opportunities

Special status is available for qualifying businesses, including utility tax waivers. To qualify, businesses must either invest \$5 million and create 200 full-time jobs, or invest \$100 million OR create 1,000 full-time jobs.

How to Apply

Businesses interested in the Enterprise Zone should contact the Enterprise Zone Administrator to discuss eligibility and begin the certification process.

[McHenry County Enterprise Zone](#)

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Application Process

The McHenry County Enterprise Zone provides incentives to eligible projects, including a sales tax exemption on building materials. To participate, project owners and subcontractors must complete separate applications and follow the outlined process.

1. Project Owner Application & Registration

- The project initiator/owner must complete the [Enterprise Zone application](#) and submit it to the Administrator.
- Once received, the project is registered with the Illinois Department of Revenue.
- A non-refundable Enterprise Zone project fee is required, calculated as ½ of 1% of the total building material costs, payable by check or credit card (card incurs a 3% processing fee).

2. Subcontractor Application

- Each subcontractor must complete the Subcontractor Enterprise Zone Application, available on the McHenry County Enterprise Zone website or upon request.
- The form must be submitted before purchasing any building materials to qualify for tax exemptions.
- Subcontractors do not pay a fee.

3. Building Materials (Sales Tax) Exemption Certificate (BMEC)

- Once subcontractor applications are received, the Enterprise Zone Administrator registers them with the Illinois Department of Revenue.
- The state issues a Building Materials Exemption Certificate (BMEC), which is then provided to the subcontractor.
- The subcontractor must retain a hard or digital copy of the certificate and present it at the point of purchase.
- It is the responsibility of the seller to validate the certificate's authenticity.

4. Project Closing & Reporting

- Upon project completion, the owner must submit a Project Closing Form summarizing the total project details.
- Some companies may require subcontractors to submit individual closing forms, which can also serve as status updates.

Important Notes

- Retroactive purchases do not qualify for sales tax exemption. Subcontractors must be registered before buying materials.
- The Enterprise Zone Administrator is available to assist with applications and ensure compliance with all requirements.

For further details or to request application forms, please contact the McHenry County Economic Development Corporation.

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