



City of Chicago



SO2018-6079

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	7/25/2018
Sponsor(s):	Sadlowski Garza (10)
Type:	Ordinance
Title:	Exemption of Tower International from Personal Property Lease Transaction Tax regarding lease, rental or use of manufacturing machinery and equipment
Committee(s) Assignment:	Committee on Finance

SUBSTITUTE
ORDINANCE

WHEREAS, the City of Chicago is a home rule unit of government pursuant to the 1970 Illinois Constitution, Article VII, Section 6(a); and

WHEREAS, pursuant to its home rule power, the City of Chicago may exercise any power and perform any function relating to its government and affairs including the power to regulate for the protection of the public health, safety, morals, and welfare; and

WHEREAS, the Illinois Enterprise Zone Act (the Act) is designed to stimulate economic growth and neighborhood revitalization in economically depressed areas of Illinois through state and local tax incentives, regulatory relief, and improved governmental services; and

WHEREAS, under this Act, the State of Illinois has developed a statutory framework for identifying and certifying enterprise zones; and

WHEREAS, the Act provides a variety of incentives for businesses in enterprise zones including exemption from the Illinois Retailers Occupation Tax, the utility tax, the telecommunications excise tax, the state sales tax on manufacturing and assembly equipment, and an investment tax credit; and

WHEREAS, the state's exemption for equipment used in manufacturing and assembly was intended to stimulate business, industrial growth, and retention within enterprise zones; and

WHEREAS, the Act grants Chicago authority to extend additional tax incentives for business enterprises within enterprise zones via municipal ordinance; and

WHEREAS, the Chicago City Council has provided a variety of incentives for businesses in these statutorily defined areas including an exemption from the Home Rule Municipal Retailers Occupation Tax, an exemption from the Chicago Real Property Transfer Tax, and modified zoning and building code procedures; and

WHEREAS, Tower Automotive Operations USA I, LLC. is a global designer of structural components and assembly used by major automotive vehicle manufacturers; and

WHEREAS, Tower Automotive Operations USA I, LLC. currently has thirty-seven (37) facilities in twelve (12) countries in North and South America, Europe and Asia; and

WHEREAS, the Chicago's Tower Automotive Operations USA I, LLC. facility is located at 12350 S. Avenue O, within the enterprise zone; and

WHEREAS, creating a Personal Property Lease Transaction Tax exemption for Tower Automotive Operations USA I, LLC. would be consistent with Illinois tax policy on manufacturing equipment and assembly within enterprise zones; and

WHEREAS, the continual encouragement, development, growth, and expansion of the manufacturing community within the City of Chicago maintains the healthy economy and vibrant communities that the members of this City Council are charged with sustaining; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. For the purpose of this ordinance, the following terms shall have the following meanings:

“Manufacturing Machinery and Equipment” means only machinery and equipment used in manufacturing or assembling tangible personal property for sale or lease and shall have the same meaning as that of the Illinois Administrative Code Section 130.330.

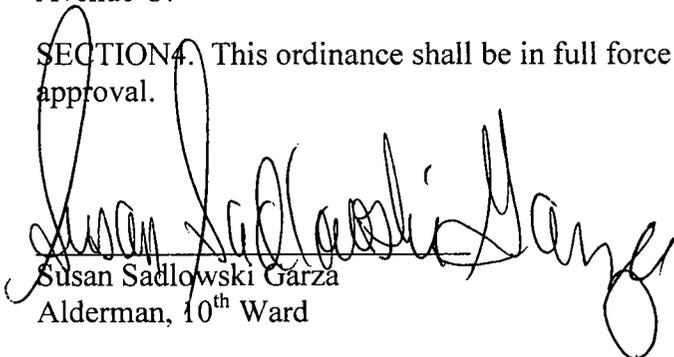
“Primary Use” means greater than fifty percent use and shall have the same meaning as that of the Illinois Administrative Code Section 130.330.

SECTION 2. Tower Automotive Operations USA I, LLC. shall be exempt from any city tax on lease, rental or use of manufacturing machinery and equipment whose primary use is the manufacturing or assembling of tangible personal property for wholesale, retail sale, or lease in enterprise zone, as defined by Section 16-12-020 of the Municipal Code of Chicago. Tower Automotive Operations USA I, LLC. shall pay to the lessors the tax on all lease payments made and then submit an application to the department of finance for refund on an annual basis.

SECTION 3. The exemptions provided for in this ordinance shall expire 5 years from the date that it becomes effective or Tower Automotive Operations USA I, LLC is refunded \$5 million, whichever occurs first. The exemptions provided for in this ordinance shall not apply to any taxes paid prior to the effective date of this ordinance.

SECTION 4. The exemptions provided for in this ordinance shall terminate without further action by the City Council if at any time Tower Automotive Operations USA I, LLC. fails to retain, in the sole determination of the Department of Planning and Development, a minimum of three-hundred-fifty (350) full-time jobs and invest in at least \$75 million of leased machinery and equipment as a part of a development or improvement plan at the facility located at 12350 S. Avenue O.

SECTION 4. This ordinance shall be in full force and effect thirty (30) days after its passage and approval.



Susan Sadlowksi Garza
Alderman, 10th Ward

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CHICAGO September 20, 2018

To the President and Members of the City Council:

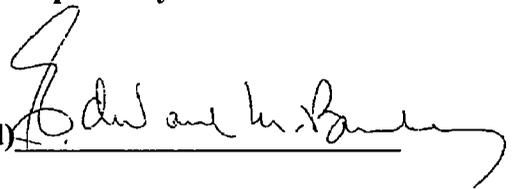
Your Committee on Finance having had under consideration a substitute ordinance concerning the authority to approve an Enterprise Zone Municipal Lease Tax benefit for Tower Automotive Operations USA I, LLC.

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Having had the same under advisement, begs leave to report and recommend that your Honorable Body pass the proposed substitute ordinance Transmitted Herewith.

This recommendation was concurred in by _____ (a **viva voce vote** of members of the committee with _____ dissenting vote(s).

Respectfully submitted

(signed) 

Chairman