**Section 520.1030 Application** **Approval Process**

a) Application Approval Requirements. Applications shall be submitted to the Department, which shall approve or deny the application in writing within 90 days after receipt. The application shall be approved if it meets the requirements of Sections 520.1010 and 520.1020.

b) Application Denial Requirements. When the Department denies an application, it shall specify in writing the reasons for denial and allow the applicant 45 days from the date of application denial to amend and resubmit the application. Resubmitted applications shall be approved or denied in writing within 45 days after receipt.

c) Certificates of Exemption. Applicants determined eligible by the Department, in accordance with Section 520.1010, will be issued a Certificate of Exemption. A copy of the Certificate of Exemption will be filed by the Department with the Illinois Department of Revenue in accordance with Section 1f of the Retailers' Occupation Tax Act.

d) Exemption Includes. Subject to Section 520.1010, and in accordance with Section 1d of the Retailers' Occupation Tax Act, this exemption includes:

1) Tangible Personal Property. All tangible personal property used or consumed in the process of manufacturing or assembling tangible personal property for wholesale or retail sale or lease, or in the process of graphic arts production;

2) Repair and Replacement Parts. Repair and replacement parts for machinery and equipment used in the manufacturing or assembling of tangible personal property, or in the process of graphic arts production for wholesale or retail sale or lease; and

3) Equipment Manufacturing, Etc. Equipment, manufacturing or graphic arts fuels, material, and supplies for the maintenance, repair, or operation of such manufacturing or assembling or graphic arts machinery or equipment.

e) Department's Right to Inspect and Audit. The Department shall have the right to inspect and conduct its own audit of all books and records relied upon by the business to demonstrate that the eligible investment in qualified property has been placed in service. Certified businesses shall also submit information annually to the Department documenting the maintenance of the minimum job creation or job retention criterion. Certified businesses that fail to comply with this subsection shall be decertified for the tax exemption and shall repay the exempted taxes. The jobs created or retained must be documented through personnel records.

f) Five-Year Exemption Period. All certified businesses shall receive a five-year exemption from this tax.

g) Additional Exemption Period for Certified Businesses. At the expiration of this initial five-year period, certified businesses may apply to the Department for renewals of the exemption for additional five-year time periods not to exceed the termination date of the Enterprise Zone. The Department shall grant an exemption to a certified business for an additional five-year period, provided that at the time of application for renewal:

1) Job Creation/Retention Criteria. The following job creation/retention criteria are met:

A) In the case of a business certified pursuant to the job creation criterion of Section 520.1010, the business has retained a minimum of 200 full-time equivalent jobs in Illinois.

B) In the case of a business certified pursuant to the job retention criterion of Section 520.1010, the business has:

i) Retained a minimum of 2,000 full-time jobs in Illinois; or

ii) Has made an eligible investment of $40 million resulting in the retention of 90% of the full-time jobs in place on the date on which the exemption is granted for the duration of the exemption.

C) A majority of the "jobs retained" must be in the Enterprise Zone in which the eligible investment is made.

2) Business is Located in an Enterprise Zone. The business is located in an Enterprise Zone established pursuant to the Illinois Enterprise Zone Act [20 ILCS 655].

3) Business Provides an Audited Financial Statement. The business provides an audited Financial Statement, including balance sheets and income statements, audited according to generally accepted auditing standards by a public accountant certified in the State of Illinois as contained in the publication entitled AICPA Professional Standards, American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York NY 10036-8775 (June 2011, no later editions are incorporated). In addition, the certified business' chief financial officer shall attest in writing that the certified business is not aware of a condition or occurrence that would result in a bankruptcy or closure.

4) Maximum Period of Exemption. This exemption shall not be allowed beyond the term of the certified Enterprise Zone.

h) Exemptions for Certified Businesses Located in Enterprise Zones Successful in Reapplying for Designation. Certified businesses located in Enterprise Zones that successfully reapplied for designation as an Enterprise Zone to be effective on or after January 1, 2016, and that expired or terminated solely by operation of Section 5.3(c) of the Act, shall continue to be eligible for the renewals of exemptions in accordance with subection (g). Any Certificate of Exemption issued under this Section shall not, after taking into account the time for which the exemption existed under the prior zone designation, exceed a total of five years. Thereafter, certified businesses located in Enterprise Zones may apply to the Department in accordance with subection (g).

(Source: Amended at 40 Ill. Reg. 10858, effective July 29, 2016)