ENHANCED SALES TAX INCENTIVE PROGRAM (ESTIP)

Purpose
The Enhanced Sales Tax Incentive Program (ESTIP) has been created by the City of Crystal Lake in order to encourage recruitment, retention, establishment and/or substantial expansion of significant sales tax generating businesses within the City, thereby stimulating the economy within the City. ESTIP will further increase the sales taxes collected by the City and encourage the construction of public improvements by private owners without obligating the City to incur debt.

Eligibility
The City has established 3 different categories of applicants and eligibility criteria for each category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Minimum Taxable Sales</th>
<th>Minimum Project Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Auto Dealerships</td>
<td>$5,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>New Auto Dealerships</td>
<td>$5,000,000</td>
<td>$250,000</td>
</tr>
<tr>
<td>All Other New Retailers</td>
<td>$3,000,000</td>
<td>$500,000</td>
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</tbody>
</table>

Program overview
The ESTIP provides eligible businesses with an opportunity to share enhanced sales tax revenues with the City of Crystal Lake above an established base amount. The base amount of sales taxes is determined based upon the average amount of sales taxes collected for the applicant’s business over the previous thirty-six months, or other negotiated term. In the case of a newly established business, the base amount would represent a good-faith determination by the applicant and the City as to the amount of sales taxes that would be generated from the new business. For the term of the agreement (up to 10 years), the City will share the enhanced sales tax revenues above the base amount, at a rate of up to 50 percent, for the purposes of providing the applicant with funds for public improvements to their business.

Eligible Project Costs - shall include, but is not limited to, public improvements, including, but not limited to, streets, sidewalks, curbs, gutters, pedestrian malls, street lights, drainage facilities, public utilities, landscaping, decorative structures, redevelopment of existing properties, occupancy of existing vacant space, public art, fountains, identification signs, traffic safety devices, bicycle paths, off-street parking facilities, benches, restrooms, information booths, public meeting facilities, principal buildings, building additions, and all necessary, incidental, building facades, architectural enhancements, and appurtenant structures and improvements, together with the relocation and improvement of existing utility lines, and any other improvements of a similar nature which are specifically approved by the City Council.

New Retailers - new sales tax generating businesses, other than Existing Auto Dealerships and New Auto Dealerships, which have no physical facility within the City limits of Crystal Lake for
the display and sale of merchandise as of the date of the adoption of this Ordinance and which commence the sale and display of merchandise from a physical location within the City limits of the City of Crystal Lake following the adoption of this Ordinance.

**Existing Auto Dealerships** – new titled motor vehicle, recreational vehicle, and watercraft franchises which have a physical facility within the City limits of Crystal Lake for the display and sale of such vehicles or watercraft as of the date of the adoption of this Ordinance. Dealership ownership changes that occur without adding new franchises are considered existing auto dealerships.

**New Auto Dealerships** - new titled motor vehicle, recreational vehicle, and watercraft franchises which have no physical facility within the City limits of Crystal Lake for the display and sale of such vehicles or watercraft as of the date of the adoption of this Ordinance and which commence the sale and display of such vehicles or watercraft from a physical location within the City limits of Crystal Lake after the adoption of this Ordinance.

If you have any questions regarding the City's Enhanced Sales Tax Incentive Program, please contact Heather Maieritsch at (815) 356-3605 or by email at hmaieritsch@crystallake.org.