



CITY COUNCIL AGENDA ITEM STAFF REPORT

MEETING DATE: APRIL 22, 2025

TITLE: AN ORDINANCE AUTHORIZING PROPERTY TAX ABATEMENT FOR McDONOUGH HORSESHOE SERVICE CENTER, LOCATED AT 1001 AND 1003 McDONOUGH LAKE ROAD, PARCEL NUMBERS 13-1-21-20-00-000-013.001 AND 13-1-21-19-00-000-008.001

DEPARTMENT: ECONOMIC DEVELOPMENT

PROJECT MANAGER: JESSICA SHORT, ASSISTANT CITY MANAGER/ECONOMIC DEVELOPMENT MANAGER

REQUESTED ACTION: APPROVAL

STRATEGIC PLAN GOAL(s): #3: ENCOURAGE TOURISM AND ECONOMIC DEVELOPMENT

ATTACHMENTS: APPLICATION FOR REAL ESTATE TAX ABATEMENT
20 YEAR TAX PROJECTION – ALL TAXING BODIES
20 YEAR TAX PROJECTIONS – COLLINSVILLE
ORDINANCE

Summary Recommendation

Tom Helmkamp of McDonough Horseshoe Service Center, Inc. has requested the City to abate ad valorem real property taxes on 1001 and 1003 McDonough Lake Road, parcels 13-1-21-20-00-000-013.001 and 13-1-21-19-00-000-008.001, for the project known as McDonough Horseshoe Service Center. These parcels are located within the Madison County Discovery Enterprise Zone and are eligible for such property tax abatement, subject to the project meeting the requirements of the Discovery Enterprise Zone.

Executive Summary

On December 8, 2014, the City Council executed *Ordinance No. 4766, An Ordinance Establishing An Enterprise Zone Within the City of Collinsville*, which allows for certain incentives, including sales tax reduction on eligible building supplies, per the Illinois Enterprise Zone Act. The Madison County Discovery Enterprise Zone is in effect until December 31, 2030. Further, on November 25, 2019, the City Council executed *Ordinance 19-88, An Ordinance Amending Collinsville Ordinance No. 4766 to Amend Territory and to Expand and add Incentives to the Madison County Discovery Enterprise Zone*. This amendment provides an incentive for the abatement of ad valorem real estate taxes on eligible projects within the Discovery Enterprise Zone.

The abatement of these real estate taxes is established by Ordinance 19-88 at the following rate:

- One Hundred percent (100%) of the value of the improvements, for the first assessment year in which the improvements are fully assessed, and the six assessment years immediately following the year in which the improvements were fully assessed;
- Seventy percent (70%) of the value of the improvements on the seventh year following the year in which the improvements were fully assessed;

- Forty percent (40%) of the value of the improvements on the eighth year following the year in which the improvements were fully assessed;
- Ten percent (10%) of the value of the improvements on the ninth year following the year in which the improvements were fully assessed; and,
- In the tenth year following the year in which the improvements were fully assessed, and for all subsequent years, the County Clerk will no longer abate ad valorem taxes on the improvements.

Real estate tax projections have been provided by Moran Economic Development, LLC, consultants working on behalf of McDonough Horseshoe Service Center for the proposed project (see attachments). Based on these projections, the City will abate approximately \$120,192 in taxes over the first 10 years following completion of the project; however, over the 20-year projection provided, the City will earn approximately \$191,949 in new real estate taxes.

Department Review

Administration, Corporate Counsel, Community Development, and Finance

Recommendation

Staff recommends approval of the *Ordinance Authorizing Property Tax Abatement for McDonough Horseshoe Service Center, located at 1001 and 1003 McDonough Lake Road, Parcel Numbers 13-1-21-20-00-000-013.001 and 13-1-21-19-00-000-008.001*

Exhibit A: Site Map

