

What Qualifies as “Building Materials” for the Enterprise Zone?

The final authority on what qualifies/doesn't qualify lies with the Illinois Department of Revenue and not with the EDC. The basic guidelines for “building materials” are laid out in the **Illinois Department of Revenue Regulations Title 86 Part 130 Section 130.1951 Enterprise Zones** (pasted below verbatim). Specific questions about whether a particular item does or doesn't qualify as “building materials” must be directed to the Illinois Department of Revenue at 1-800-732-8866.

“In order to qualify for the deduction, the materials being purchased must be building materials. That is, they must be purchased for physical incorporation into real estate. For example, gross receipts from sales of:

- 1) common building materials such as lumber, bricks, cement, windows, doors, insulation, roofing materials and sheet metal can qualify for the deduction;
- 2) plumbing systems and components thereof such as bathtubs, lavatories, sinks, faucets, garbage disposals, water pumps, water heaters, water softeners and water pipes can qualify for the deduction;
- 3) heating systems and components thereof such as furnaces, ductwork, vents, stokers, boilers, heating pipes and radiators can qualify for the deduction;
- 4) electrical systems and components thereof such as wiring, outlets and light fixtures that are physically incorporated into the real estate can qualify for the deduction;
- 5) central air conditioning systems, ventilation systems and components thereof that are physically incorporated into the real estate can qualify for the deduction;
- 6) built-in cabinets and other woodwork that are physically incorporated into the real estate can qualify for the deduction;
- 7) built-in appliances such as refrigerators, stoves, ovens and trash compactors that are physically incorporated into the real estate can qualify for the deduction;
- 8) floor coverings such as tile, linoleum and carpeting that are glued or otherwise permanently affixed to the real estate by use of tacks, staples, or wood stripping filled with nails that protrude upward (sometimes referred to as “tacking strips” or “tack-down strips”) can qualify for the deduction.”

“Items that are not physically incorporated into the real estate cannot qualify for the deduction. For example, gross receipts from sales of:

- 1) tools, machinery, equipment, fuel, forms and other items that may be used by a construction contractor at an enterprise zone building site, but that are not physically incorporated into the real estate, do not qualify for the deduction;
- 2) free-standing appliances such as stoves, ovens, refrigerators, washing machines, portable ventilation units, window air conditioning units, lamps, clothes washers, clothes dryers, trash compactors and dishwashers that may be connected to and operate from a building's electrical or plumbing system but which do not become a component of those systems do not qualify for the deduction;
- 3) floor coverings that are area rugs or that are attached to the structure using only twosided tape do not qualify for the deduction.”