

ASSISTANCE FOR ILLINOIS BUSINESSES

*Resources on Governmental Assistance for
Businesses Within Illinois*

AUGUST 2022



ILLINOIS GENERAL ASSEMBLY

**COMMISSION ON GOVERNMENT
FORECASTING AND ACCOUNTABILITY**

COMMISSION OVERVIEW

The Commission on Government Forecasting & Accountability is a bipartisan legislative support service agency responsible for advising the Illinois General Assembly on economic and fiscal policy issues and for providing objective policy research for legislators and legislative staff. The Commission's board is comprised of twelve legislators—split evenly between the House and Senate and between Democrats and Republicans. Effective December 10, 2018, pursuant to P.A. 100-1148 the former Legislative Research Unit was merged into the Commission.

The Commission has three internal units—Revenue, Pensions, and Research, each of which has a staff of analysts and researchers who analyze policy proposals, legislation, state revenues & expenditures, and benefit programs, and who provide research services to members and staff of the General Assembly. The Commission's staff fulfills the statutory obligations set forth in the Commission on Government Forecasting and Accountability Act (25 ILCS 155/), the State Debt Impact Note Act (25 ILCS 65/), the Illinois Pension Code (40 ILCS 5/), the Pension Impact Note Act (25 ILCS 55/), the State Facilities Closure Act (30 ILCS 608/), the State Employees Group Insurance Act of 1971 (5 ILCS 375/), the Public Safety Employee Benefits Act (820 ILCS 320/), the Legislative Commission Reorganization Act of 1984 (25 ILCS 130/), and the Reports to the Commission on Government Forecasting and Accountability Act (25 ILCS 110/).

- The **Revenue Unit** issues an annual revenue estimate, reports monthly on the state's financial and economic condition, and prepares bill analyses and debt impact notes on proposed legislation having a financial impact on the State. The Unit publishes a number of statutorily mandated reports, as well as on-demand reports, including the *Monthly Briefing* newsletter and annually, the *Budget Summary*, *Capital Plan Analysis*, *Illinois Economic Forecast Report*, *Wagering in Illinois Update*, and *Liabilities of the State Employees' Group Insurance Program*, among others. The Unit's staff also fulfills the agency's obligations set forth in the State Facilities Closure Act.
- The **Pension Unit** prepares pension impact notes on proposed pension legislation and publishes several statutorily mandated reports including the *Financial Condition of the Illinois State Retirement Systems*, the *Financial Condition of Illinois Public Pension Systems* and the *Fiscal Analysis of the Downstate Police & Fire Pension Funds in Illinois*. The Unit's staff also fulfills the statutory responsibilities set forth in the Public Safety Employee Benefits Act.
- The **Research Unit** primarily performs research and provides information as may be requested by members of the General Assembly or legislative staffs. Additionally, the Unit maintains a research library and, per statute, collects information concerning state government and the general welfare of the state, examines the effects of constitutional provisions and previously enacted statutes, and considers public policy issues and questions of state-wide interest. Additionally, the Unit publishes *First Reading*, a quarterly newsletter which includes abstracts of annual reports or special studies from other state agencies, the *Illinois Tax Handbook for Legislators*, *Federal Funds to State Agencies*, various reports detailing appointments to State Boards and Commissions, the *1970 Illinois Constitution Annotated for Legislators*, the *Roster of Illinois Legislators*, and numerous special topic publications.

Assistance for Illinois Businesses
Third Edition, 2022

Prepared by
Sarah Barlow and Alexis Dawson, Senior Research Analysts

Publication 535

Introduction

We are pleased to present the Third Edition of *Assistance for Illinois Businesses*. This publication presents information on governmental sources of assistance to help businesses open, expand, or relocate in Illinois.

This booklet is designed to summarize the major assistance programs in one place and tell readers where they can get more detailed information. It covers mostly federal and Illinois programs to assist businesses. Some private organizations also offer aid to small organizations; but many of them focus on helping nonprofit community organizations rather than businesses, so they are not listed here.

Assistance for Illinois Businesses joins other publications of the Commission on Government Forecasting and Accountability (CGFA) that seek to inform local governments and other entities about resources available to them. *Federal Funds to State Agencies* is an annual report that provides information on federal monies received by state agencies directly from the federal government. The *Catalog of State Assistance to Local Governments* presents information on technical and financial assistance provided by the state to counties, cities, townships, and special districts. CGFA also compiles information on the availability of, and eligibility for, federal grant programs that are listed in the *Catalog of Federal Domestic Assistance*, and reports this information monthly in our publication *Grant Alerts*.

The idea for this publication came from Sarah Barlow, a Senior Research Analystssociate at the LRU, who researched and drafted it. We hope it is useful and informative for Illinois legislators and the business community.

Clayton Klenke
Executive Director

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* Index excludes tax incentives since they can apply to many business types.

Federal Assistance

Source: U.S. Department of Agriculture

Aid Offered

Direct and guaranteed loans to family farmers, beginning farmers, and socially disadvantaged farmers; loans, grants, and technical support for rural businesses, including grants to improve energy efficiency and use renewable energy; loans, grants, and guarantees for projects to develop essential community facilities in rural areas; grants, loans, and guarantees for utility development in rural areas; and grants to grow specialty crops or organic crops.

Contacts

(202) 720-2791

<https://www.usda.gov>

Source: U.S. Department of Commerce, Minority Business Development Agency

Aid Offered

Grants to its local Minority Business Centers to provide consulting, procurement matching, and financial assistance to minority-owned firms. Grants to help formerly incarcerated entrepreneurs launch and sustain businesses.

Contacts

(202) 482-1940

www.mbda.gov

Source: U.S. Department of Commerce, International Trade Administration

Aid Offered

Technical assistance to help businesses export products and services.

Contacts

(202) 482-4811

<https://www.export.gov/welcome>

Source: Export-Import Bank of the U.S.

Aid Offered

Guarantees of working capital loans to U.S. exporters to aid exports, and an export insurance policy for small businesses new to exporting.

Contacts

(312) 369-4177

<https://www.exim.gov/resources/credit-administration-and-disbursements>

Source: U.S. Department of Energy

Aid Offered

Section 1703 of the federal Energy Policy Act of 2005 authorized the Department of Energy to lend money for clean energy technologies for which conventional private financing is unavailable due to technology risks. Funds are available for clean energy projects that employ technologies such as advanced fossil energy, nuclear energy, renewable energy, and energy efficiency.

Advanced Technology Vehicles Manufacturing (ATVM)
Loans are made directly to automobile and automobile parts manufacturers for the costs of re-equipping, expanding, or establishing factories in the U.S. to produce advanced technology vehicles or qualified components, or associated engineering costs. Advanced technology vehicles are either ultra-efficient vehicles, or passenger cars or light trucks that meet specified emission and fuel economy standards.

The Solar Energies Technology Office provides financial and technical assistance for photovoltaics and other solar energy projects.

Contacts

(202) 586-8336

<http://energy.gov/public-services/funding-financing>

General and Innovative Energy Projects inquiries:

lpo@hq.doe.gov

ATVM inquiries: atvmloan@hq.doe.gov

Source: U.S. Environmental Protection Agency

Aid Offered

Grants and loans to clean up brownfields; funding through the Small Business Innovation Research Program to small businesses to make commercial products to address environmental problems.

Contacts

(312) 353-2000

<https://www.epa.gov/grants>

Source: U.S. Department of Labor

Aid Offered

Grants for apprenticeship and workforce development programs; research and technical assistance for workforce programs; and funds for programs to help women in nontraditional jobs, people with disabilities, veterans and returning service members, and previously incarcerated people.

Contacts

(312) 353-8373

<https://www.dol.gov/grants>

Source: U.S. Small Business Administration (SBA)

Aid Offered

The SBA does not lend money directly to businesses. It guarantees bank loans and surety bonds, and provides venture capital to small businesses. It has a number of loan guarantee programs for specific types of businesses, such as rural businesses and businesses that export to foreign countries, and loans to help recover from disasters.

Contacts

(312) 353-4528

www.sba.gov

Source: Various

Aid Offered

The Small Business Innovation Research Program, coordinated by the SBA, provides funding for small businesses to develop commercial products. Federal agencies with annual research and development (R & D) budgets exceeding \$100 million must spend 3.2% of those budgets on this program. Eleven federal agencies now participate in the program: the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, and Transportation; the Environmental Protection Agency; the National Aeronautics and Space Administration; and the National Science Foundation. Each agency receives proposals from small businesses and makes awards using its own criteria (within Congressional guidelines).

Federal agencies with annual R & D budgets over \$1 billion must set aside 0.3% of those budgets for the Small Business Technology Transfer Program, which makes awards to small businesses to support science and technology innovation. Five agencies participate: the Departments of Defense, Energy, and Health and Human Services; the National Aeronautics and Space Administration; and the National Science Foundation.

Contacts

SBA Office of Technology
(202) 205-6450
www.sbir.gov/

The U.S. Department of Health and Human Services hosts the “www.grants.gov” website as a central storehouse for information on most federal grant programs. It allows anyone to search and apply for grants on the site.

Source: U.S. Department of Transportation

Aid Offered

The Mentor-Protégé Program encourages private-sector relationships, pairing mentor firms with protégé firms: small businesses, HUB Zones, small disadvantaged businesses, women-owned small businesses, veteran-owned small businesses, or service-disabled veteran-owned small businesses that are currently eligible for federal contracting opportunities.

The Bonding Education Program is a partnership with the Surety and Fidelity Association of America to inform disadvantaged and small businesses on how to become “bondable” for transportation contracts. The program consists of workshops, and individual sessions with local surety bonding professionals. Participating businesses must be at least 2 years old and have annual revenue of at least \$250,000.

The Women and Girls in Transportation Initiative (WITI) enables young women from colleges and universities to participate in transportation internships to increase the number of women in the transportation industry.

Contacts

Mentor-Protégé Program (202) 366-1930

Bonding Education Program

(202) 366-2671

[www.dot.gov/osdbu/financial-assistance/bonding-education/
bonding-education-program](http://www.dot.gov/osdbu/financial-assistance/bonding-education/bonding-education-program)

Women and Girls in Transportation Initiative

(202) 366-0658

<https://www.transportation.gov/osdbu/women-and-girls>

Illinois Grants and Loans

Source: Illinois Department of Commerce and Economic Opportunity (DCEO)

Aid Offered

Loans

Illinois Capital Access Program

The program is designed to encourage lending institutions to make loans to small or new businesses that do not qualify for conventional loans. A borrower must put a small percentage of the total loan amount in a reserve fund; DCEO contributes an equal amount. If a borrower defaults, the lender may use money in the reserve fund to recoup part of its loss. If the borrower repays in full, the money stays in the reserve fund as a cushion against default by any borrower in the program.

Illinois businesses with up to 500 employees are generally eligible.

Participation Loan Program

DCEO participates with lenders to make loans to new or expanding small businesses that employ Illinois workers. DCEO buys a portion of a bank's loan—between \$10,000 and \$2 million, but no more than the lesser of 25% of project cost or half the loan amount—and fully subordinates its portion to the bank's portion (in case of a default, the bank will collect what it is owed first). Loans generally may not be used for debt refinancing, “contingency funding” (to provide funds that may be needed for unexpected costs), or passive real estate investments. Eligible businesses must be for-profit, located in Illinois, and employ fewer than 750 full-time employees.

Four parts of the program are available for specified types of businesses. DCEO may offer lower interest rates on its share of the loan for such businesses than for businesses getting regular participation loans.

- Businesses owned by minorities, veterans, women, or disabled people can be eligible for such loans. Funds may be used for activities such as buying land; constructing or renovating buildings; buying and installing machinery or equipment; and working capital.
- Two programs are offered for small businesses that get participation from the federal Small Business Administration (SBA). A bank, the SBA, and DCEO each provide part of the loan. In case of default, the bank has the first claim on any assets, followed by the SBA and then DCEO.
- DCEO participates with banks to offer small businesses revolving lines of credit. The program is appropriate for businesses with no more than 750 employees and a seasonal or variable demand for working capital. It allows them to borrow, repay, and borrow again without applying for a new loan each time. The total line of credit is usually between \$10,000 and \$2 million, and may not exceed 25% of the project or activity cost. Typically, DCEO participates for no more than 2 years.

Advancing the Development of Minority Entrepreneurship

This program provides business training, mentorship, and assistance in funding coordination for women, minorities, disabled people, or veterans who own small businesses in Chicago, Rockford, or Peoria. The business's annual gross revenue must be less than \$1 million.

Grants

Business Attraction Prime Sites Capital Grant Program

Businesses that make a large capital investment and commit to significant job creation for Illinois residents can get grants to relocate or expand in Illinois. Awards range from \$250,000 to \$6 million per applicant; but a grant may cover only 20% of total eligible capital expenses for a project.

Employer Training Investment Program

The program provides funds to help upgrade Illinois workers' skills. Illinois companies that are expanding, relocating, or in jeopardy of closing may qualify if they meet capital investment and job creation goals. They must provide a 1-to-1 match of the grant funds.

Illinois State Trade and Export Promotion

This program provides financial and technical assistance to businesses seeking to increase their exports. Eligible businesses can have no more than 500 employees; they must have at least \$250,000 in annual revenue from U.S. operations, and export products or services with at least 51% U.S. and 25% Illinois content.

Tourism Grants

The Illinois Office of Tourism provides matching grants for projects to increase tourism in Illinois.

Contacts

(800) 252-2923

<https://www2.illinois.gov/dceo/Pages/default.aspx>

<https://www2.illinois.gov/dceo/SmallBizAssistance/BeginHere/Pages/ProgramServicesGuide.aspx>

<https://www2.illinois.gov/dceo/AboutDCEO/Pages/Tourism.aspx>

Source: Illinois Finance Authority (IFA)

Aid Offered

The Authority administers about 12 bond, loan, and guarantee programs for businesses. Major ones are described below.

State Guarantee Program for Agri-Industries

Loans are made to Illinois farmers or agribusinesses to buy property, equipment, or other capital items that will be used to grow new crops or livestock not normally grown in Illinois, or for further processing of grain or livestock grown in Illinois. Loans are made through a local lender; IFA guarantees up to 85% of principal and interest. (The same is true for each IFA guarantee program described below.) An applicant must be the principal operator of a farm or land. Cash flow and collateral must be adequate for the loan.

Working Capital Guarantee Program

A farmer, producer, or agribusiness may get a loan for costs of raising crops and commodities, such as seed, fertilizer, and chemicals. An applicant must be the principal operator of a farm, get at least half of gross income from farming, and have a debt-to-asset ratio of between 40% and 70%. An applicant must give the lender a first lien on the proposed crop or commodity to be raised, and an assignment of Federal Crop Insurance payments sufficient to secure the loan. Such a loan cannot exceed \$250,000.

Agri-Debt Restructuring Guarantee Program

A farmer may get a loan to consolidate existing debt and spread payments over a longer term. Each loan is limited to \$500,000 and a maximum term of 30 years. An applicant must be the principal operator of a farm; get at least half of gross income from farming; have a debt-to-asset ratio between 40% and 65%; and have cash flow and collateral adequate for the loan.

Specialized Livestock Guarantee Program

“Family-sized” livestock operations may get loans to buy capital assets used in livestock production. A loan is limited to \$1 million and a term of 15 years. An applicant must be the principal operator and be materially involved in the operation, and not have a debt-to-asset ratio over 70% (unless risk-reduction measures are taken). Cash flow and collateral must be adequate for the loan.

Young Farmer Guarantee Program

Farmers may get loans to make capital purchases that will expand or upgrade their operations. A loan is limited to \$500,000 and a term of 15 years. An applicant must be the principal operator of a farm; get at least half of gross income from farming; have a net worth of at least \$10,000; have a debt-to-asset ratio between 40% and 70% after buying the capital item; and have cash flow and collateral adequate for the loan.

Participation Loan Program

Businesses, including farmers and agribusinesses, that create or retain jobs may get loans to buy land, buildings, machinery, or equipment. Loans are made by local lenders; IFA buys as much as the lowest of 25% of the project’s total cost, \$500,000, or half of each loan. IFA will participate at a fixed interest rate for up to 5 years.

Bond Programs

IFA issues bonds for a number of business types, including farming operations, health-care facilities, nonprofit organizations, industries, and small businesses. Businesses use bond proceeds to finance projects, and are responsible for paying principal and interest.

Contacts

(800) 717-6066

www.il-fa.com/

Source: State Treasurer

Aid Offered

Agricultural Loans

The Treasurer partners with banks to offer short- and long-term loans to farmers. Short-term loans are available for annual startup costs of items such as seed, fertilizer, and chemicals, and are limited to \$400,000 for a single borrower. A below-market interest rate is available for 1 year. Long-term loans for major expenses are available, limited to \$300,000 per year; below-market rates are available for up to 9 years. Applicants must show how loans will help farming operations.

Contacts

(217) 558-6217

https://www.illinoistreasurer.gov/Invest_in_Illinois/Ag_Invest

Source: Illinois Department of Transportation

Aid Offered

Economic Development Program

Grants under the Economic Development Program are for roadway improvements or new construction needed for access to new or expanding industrial, manufacturing, or distribution companies. Recipients can receive \$30,000 per new job created and \$10,000 per job retained, up to \$2 million. IDOT can enter into an agreement only with a local government that is sponsoring an eligible company.

Rail Freight Program

Under the Rail Freight Program, IDOT makes low-interest loans to communities, railroads, and shippers to improve rail facilities. Projects should have good potential for improving access to markets, lowering transportation costs, and finding solutions to rail service problems. A benefit/cost ratio is used to evaluate potential projects; benefits considered include job creation and transportation cost savings.

Contacts

Economic Development Program:

(217) 785-8643

<https://idot.illinois.gov/transportation-system/local-transportation-partners/county-engineers-and-local-public-agencies/funding-opportunities/economic-development-program>

Rail Freight Program:

Contact Samuel Tuck at Samuel.tuck@illinois.gov

<https://idot.illinois.gov/transportation-system/local-transportation-partners/county-engineers-and-local-public-agencies/funding-opportunities/rail-freight-loan-program>

Source: Illinois Environmental Protection Agency

Aid Offered

Brownfields Cleanup Revolving Loan Program

Under the Brownfields Cleanup Revolving Loan Program, municipalities and private entities may get zero- or low-interest loans to clean up brownfield sites having an actual release, or substantial threat of release, of hazardous substances. Funds come from a revolving loan fund, with loan repayments used to make new loans.

Underground Storage Tank Fund

Underground storage tank owners and operators who have reported a petroleum release can get funds to pay for site investigation, cleanup, laboratory services, and engineering. They can get \$1.5 million per occurrence, minus a deductible determined by the State Fire Marshal.

Contacts

(217) 524-3300

<https://www2.illinois.gov/epa/topics/cleanup-programs/brownfields/Pages/financial-help.aspx>

Illinois Tax Incentives (selected)

Corporate Income Tax Deductions

The following amounts can be deducted by corporations from their income for purposes of Illinois Income Tax:

Net operating losses (35 ILCS 5/207(a)(4), (c), and (d))

A net operating loss may be carried forward up to 20 tax years after the taxable year of the loss, with some specified reductions in the deduction amount. From 2021 through 2023, a net loss carryover deduction may not exceed \$100,000 per taxpayer.

Dividends paid by High Impact Businesses in a Foreign Trade Zone (35 ILCS 5/203(b)(2)(L))

The amount of dividends included in federal adjusted gross income (AGI) that were paid by a corporation doing business in a federally designated Foreign Trade Zone or Sub-Zone and designated a High Impact Business located in Illinois (dividends eligible for this deduction are not eligible for the deduction for dividends paid to a business in an Enterprise or Redevelopment Zone).

Dividends, or interest on a loan, paid by a business in a Redevelopment Zone; contributions to Enterprise or Redevelopment Zone organizations (35 ILCS 5/203(b)(2)(K), (M), (M-1), and (N))

1. The amount of dividends included in federal AGI that were paid by a corporation that does business in a River Edge Redevelopment Zone and has substantially all of its operations in such a zone; or the amount of interest included in federal AGI from a loan secured by property eligible

for the Redevelopment Zone or High Impact Business investment credit.

2. Twice the amount of any charitable contribution made in the tax year to a designated Enterprise Zone or River Edge Redevelopment Zone organization that is used for a project approved by DCEO.

Job training contributions (35 ILCS 5/203(b)(2)(P))

An amount equal to a contribution made to a job training project established under the Tax Increment Allocation Redevelopment Act.

Corporate Income Tax Credits

The following credits are available against a corporation's Illinois Income Tax liability:

Economic Development for a Growing Economy (EDGE) (35 ILCS 5/211, 10/5-20(b), and 10/5-51)

A credit negotiated between a taxpayer and DCEO, based on the economic growth potential of a business project that provides capital improvements and new jobs, under the EDGE Tax Credit Act. To qualify for the credit, a project must involve a minimum investment in capital improvement and the hiring of a minimum number of people. A New Construction EDGE Agreement is available for projects with a capital investment of at least \$10 million, but may not exceed 50% of the Illinois income tax withheld from construction employees on the project (75% if the project is in an underserved area).

Film productions (35 ILCS 16/1 ff. and 5/213)

Amounts equal to 30% of an employer's Illinois production spending in the tax year for a motion picture or television production approved by DCEO, plus 15% of Illinois labor

expenditures employing residents of areas of high poverty or high unemployment in a production started after 2008. Carryforward: 5 years.

Affordable housing donations (20 ILCS 3805/7.28; 35 ILCS 5/214)

50% of amounts donated to an affordable housing project authorized under the Illinois Housing Development Act (credit continues through 2026). Carryforward: 5 years.

Enterprise, Redevelopment Zone, or High Impact Business investments (35 ILCS 5/201(f) and (h))

0.5% of amounts invested in qualified tangible, depreciable property in an Enterprise Zone, or by a High Impact Business as designated by DCEO. Carryforward: 5 years.

(20 ILCS 655/5.5(i) and 655/13(a); 35 ILCS 5/201(f)(8) and (h-5), and 5/221(a-2))

50% of income tax withheld from (1) a High Impact Business's construction employees during a qualified construction project, (2) construction employees of a business in an Enterprise Zone during a qualified construction project, or (3) construction employees working on a project in a River Edge Redevelopment Zone that is built or improved in the course of completing a qualified rehabilitation plan. The credit can be 75% if the project is in an underserved area. Capital investments are required.

Child care for employees (35 ILCS 5/210.5)

30% of startup costs for a child-care facility for a corporation's employees, and 5% of annual costs of such a facility. The 5% credit is not available if the company claims the credit described next (for dependent care at a manufacturing facility). Carryforward: 5 years.

Child care for employees (35 ILCS 5/210)

5% of expenses for a manufacturing business to operate a day-care facility for employees' dependents. Carryforward: 2 years.

Wages to ex-offenders (35 ILCS 5/216)

5% of qualified wages paid to Illinois residents who are qualified ex-offenders in their first year of employment. Ex-offenders who were convicted of a crime that would require registration as a sex offender are not eligible. Persons hired must have served time in an Illinois adult correctional center and be hired by the employer within 3 years after release. Total credit may not exceed \$1,500 per ex-offender. Carryforward: 5 years.

Tech-Prep programs (35 ILCS 5/209)

20% of direct payroll costs for cooperative Tech-Prep programs (cooperative high school youth vocational programs in Illinois, certified by the State Board of Education)—including services rendered by a Tech-Prep student or instructor that would otherwise be subject to withholding and are not claimed by another taxpayer—for a manufacturing business. Carryforward: 2 years.

“Angel” investment (35 ILCS 5/220)

25% of an investment of up to \$2 million in a small, early-stage technology company certified as eligible by DCEO. The investment must be in place at least 3 years. No more than \$10 million in credits may be used per year. Credit continues through 2026. Carryforward: 5 years.

Contributions to college savings accounts (35 ILCS 5/218)

25% of contributions to a College Savings Pool or Illinois Prepaid Tuition Trust Fund account that match contributions

by an employee (not to exceed \$500 per contributing employee per tax year). Credit continues through 2024. Carryforward: 5 years.

Redevelopment Zone historic structure restoration and preservation (35 ILCS 5/221)

25% of qualified costs to restore and preserve a qualified historic structure in a River Edge Redevelopment Zone, if those costs are at least \$5,000 and exceed the adjusted basis of the structure on the first day of rehabilitation. Credit continues through 2026.

Live stage productions (35 ILCS 17/1-1 ff.)

Amounts equal to 20% of an employer's Illinois labor expenditures in the tax year for a live stage production approved by the Department of Commerce and Economic Opportunity; 20% of Illinois production spending; and 15% of Illinois labor expenditures employing residents in areas of high poverty or high unemployment. No more than \$2 million may be awarded in a fiscal year. Credit continues through tax year 2026. Carryforward: 5 years.

Research and development activities (35 ILCS 5/201(k))

6.5% of qualifying costs for increased research and development activities in Illinois. Credit continues through 2026. Carryforward: 5 years for credits earned after tax year 2002.

Data centers (35 ILCS 5/229)

20% of wages paid for construction of a new data center in an area of high poverty or unemployment. A data center must be certified by DCEO to receive the credit. Carryforward: 5 years.

Agritourism (35 ILCS 5/232)

The lesser of the full amount of liability insurance premiums paid by an agritourism operation during the tax year, or \$1,000. Credit continues through 2023. Carryforward: 5 years.

Apprentices (35 ILCS 5/231)

Up to \$3,500 in qualified education expenses paid by an employer for an apprentice (plus \$1,500 more if the apprentice lives in, or the employer is located in, an underserved area). Credit continues through tax year 2025.

Electric vehicles (35 ILCS 5/236 and 20 ILCS 686/30)

Starting in 2025, a credit negotiated between the taxpayer and DCEO, based on the economic growth potential of a business project for manufacturing electric vehicles or their parts under the Reimagining Electric Vehicles (REV) in Illinois Act. The annual REV Illinois credit is limited to the sum of (1) 75% of the amount withheld from new employees' wages, plus (2) 10% of training costs of new employees. The REV Construction Jobs Credit is equal to half the amount withheld from construction wages. No new credits are to be awarded after 2027.

(20 ILCS 686/100)

Taxpayers who invest in qualified property placed in service at the site of a REV Illinois project may take a credit equal to 0.5% of the basis for such property.

Microchips and semiconductors (35 ILCS 45/110-30)

Starting in 2025, a credit negotiated between the taxpayer and DCEO, based on the economic growth potential of a business project for manufacturing microchips or semiconductors under the Manufacturing Illinois Chips for Real Opportunity (MICRO) Act. The annual MICRO credit is limited to the

sum of (1) 75% of the amount withheld from new employees' wages plus (2) 10% of training costs of new employees. The MICRO Construction Jobs Credit is equal to half the amount withheld from construction wages. No new credits are to be awarded after 2028.

Employee Income Tax Withholding Credit

Minimum wage credit (35 ILCS 5/704A(i))

A business with up to 50 full-time workers may take a credit against employee income tax withholding equal to a percentage of the increased wages paid to employees due to increases in the state minimum wage from \$8.25 to \$15 per hour over 5 years. That percentage is 17% for reporting periods in tax year 2022, and will drop by 4 percentage points each year through 2025. Eligible employers may take a 5% credit in 2026; employers with up to 5 employees may take it through 2027. For an employer to be eligible for the credit, the average wage per employee among employees earning less than \$55,000 during the reporting period must be greater than in the same reporting period in the preceding year.

Retailers' Occupation (Sales) Tax Exemptions

Sales to and by exempt organizations (35 ILCS 120/2-5(6), (8), (9), (11), (39), and (41); and 35 ILCS 120/1, eighth paragraph)

Sales to government bodies; charitable, religious, and educational organizations; nonprofit corporations organized to provide recreation to persons 55 or older; county fair associations; public-facilities corporations for constructing a municipal convention hall; nonprofit corporations for constructing or maintaining a community water supply; persons buying meals through the federal Nutrition Program for the

Elderly; and sales by teacher-sponsored student organizations affiliated with a school.

Machinery and equipment, and photoprocessing equipment (35 ILCS 120/2-5(14); 35 ILCS 120/2-45; and 35 ILCS 120/2-5(20))

1. Machinery and equipment to be used primarily in the process of manufacturing or assembling tangible personal property for wholesale or retail sale or lease, including (1) new or replacement machinery and equipment, and (2) machinery and equipment used in the general maintenance or repair of exempt machinery or equipment or for in-house manufacture of exempt machinery and equipment. This includes graphic arts machinery and equipment, and production-related tangible personal property bought after June 2019.
2. Photoprocessing machinery and equipment, including repair and replacement parts.

Rolling stock (35 ILCS 120/2-5(13) and 120/2-51(d-5) and (e))
Sales of property to shippers or lessors for use as “rolling stock” (trucks, trailers, aircraft, and watercraft) moving in interstate commerce

Enterprise Zone and High Impact Business manufacturing materials, and High Impact Business building materials (35 ILCS 120/1d, 120/1f, and 120/5l)

1. Tangible personal property used in an enterprise zone, or by a High Impact Business, in the process of manufacturing or assembling tangible personal property for sale or lease (a business in an Enterprise Zone must make an investment that creates or retains a specified number of jobs to get the exemption).

2. Sales of building materials to be incorporated into a High Impact Business location as designated by DCEO.

Enterprise or Redevelopment Zone building materials, and pollution control facilities (35 ILCS 120/2-54 and 120/5k, and 120/1e and 120/1f)

Building materials when used for real estate in an Enterprise Zone as part of a building project exempted from sales tax, or in a River Edge Redevelopment Zone certified by DCEO. Tangible personal property used in the operation of pollution control facilities in an Enterprise Zone, if the business makes an investment that creates or retains a specified number of jobs.

Electric vehicle or microchip manufacturing facility building materials, and data center tangible personal property (35 ILCS 120/5m and 120/5n, and 120/2-5(44))

Building materials when used for real estate in a facility that manufactures electric vehicles or their component parts, or microchips or semiconductors, if the project has been certified by DCEO. Qualified tangible personal property used in the construction or operation of a data center that has a certificate of exemption from DCEO.

Personal Property Tax Replacement Tax Credit

Manufacturing, mining, or retail equipment (35 ILCS 5/201(e))

0.5% of amounts used to buy equipment used in manufacturing, mining, or retailing; or equipment placed in service on or after July 1, 2006 in a River Edge Redevelopment Zone. A further 0.5% credit for buying such equipment is allowed if the company's Illinois employment base expanded 1% over the preceding year's. If the expansion was less than 1%, the additional credit is lessened

in proportion to the actual percentage of expansion. These credits can be carried forward up to 5 years, but do not apply to property acquired after 2018 unless it is bought under a binding contract made by the end of 2018.

Public Utility Tax Abatements

(20 ILCS 655/5.3; 65 ILCS 5/8-11-2, pars. (e) and (f); 220 ILCS 5/9-222.1; 35 ILCS 630/2(a)(5); and 35 ILCS 640/2-3(d), last paragraph)

State and/or municipal public utility taxes on a business can be abated if DCEO certifies that:

- (1) the business has made a minimum amount of investments to create or retain a minimum number of jobs; and
- (2) it is either (a) in an Enterprise Zone, or (b) in a federally designated Foreign Trade Zone or Subzone and is designated by DCEO as a High Impact Business.

The extent and length of abatement are decided by the state and local government. In most cases, abatements may last up to 30 years or the certified term of the Enterprise Zone, whichever is less.

Assistance from Local Governments

Many Illinois communities have economic development organizations that provide information and technical support to businesses. Some also provide financial assistance, workforce training, and marketing services. *Business Facilities* magazine offers a directory of some of those organizations at:

<https://bfsiteseekers.com/illinois/>

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**Commission on Government
Forecasting & Accountability**

802 Stratton Office Building
Springfield, Illinois 62706
Phone: 217.782.5320
Fax: 217.782.3513
<http://cgfa.ilga.gov>

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