

ASSISTANCE FOR ILLINOIS BUSINESSES

*Resources on Governmental Assistance for
Businesses Within Illinois*

APRIL 2012



First Berry-Lincoln Store (co-owned by Abraham Lincoln) at Lincoln's New Salem, Illinois



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The Legislative Research Unit is the central research agency for the General Assembly. A board of 12 legislators, appointed by the Joint Committee on Legislative Support Services, supervises its operations.

A staff of researchers handles inquiries from legislators, legislative committees, and partisan staff. The staff’s areas of expertise include law generally, science and technology, taxation, education, local government, economics and fiscal affairs, and the political and social history of Illinois.

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Assistance for Illinois Businesses
First Edition

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Introduction

We are pleased to present this 1st Edition of *Assistance for Illinois Businesses*. This new 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 Legislative Research Unit (LRU) 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. The LRU 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 Franklin, a Senior Research Associate at the LRU, who researched and drafted it. We hope it is useful and informative for Illinois legislators and the business community.

Alan R. Kroner
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; 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

www.usda.gov/wps/portal/usda/usdahome

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.

Contact

www.mbda.gov/

Source: U.S. Department of Commerce, U.S. Export Assistance Center

Aid Offered

Technical assistance to help small and mid-size businesses export products and services.

Contact

(800) 872-8723

<http://export.gov/eac/index.asp>

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) 353-8081

www.exim.gov/index.cfm

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 projects that employ new or improved technology, not yet in general use in the U.S. commercial marketplace, that avoids, reduces, or sequesters air pollutants or emissions.

Advanced Technology Vehicles Manufacturing 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.

Contacts

(202) 586-8336

<http://energy.gov/funding-opportunities>

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

www.epa.gov/epahome/grants.htm

Source: U.S. Department of Labor

Aid Offered

Grants for apprenticeship and workforce development programs, and research and technical assistance for workforce programs.

Contacts

(312) 353-8927

www.dol.gov/oasam/grants/prgms.htm

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

(800) 827-5722

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 2.5% 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/

Source: U.S. Department of Transportation

Aid Offered

The Short Term Lending Program provides up to \$750,000 for a disadvantaged or small business to fund work on transportation-related contracts. Accounts receivable arising from each contract are used as collateral.

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.

Contacts

Short Term Lending Program

(800) 532-1169

www.osdbu.dot.gov/financial/stlp.cfm

Bonding Education Program

(312) 425-9500

www.osdbu.dot.gov/bap/bep_main.cfm

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.

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 between 2% and 5% of the total loan amount in a reserve fund; DCEO contributes an equal amount (or up to twice that much for some types of businesses). 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.

An eligible business must be for-profit, located in Illinois, and not employ over 500 people. Businesses that make or sell firearms at wholesale or retail, or make or sell tobacco, liquor, or sexually explicit materials at wholesale, are not eligible.

Participation Loan Program

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

500 full-time employees. Borrowers must provide security such as collateral. DCEO must determine that a project to be undertaken with a loan will create or retain a substantial number of jobs, or will modernize or increase the competitiveness of the business, and will not be undertaken unless a loan is provided.

Three parts of the program are available for specified types of businesses. DCEO may offer lower interest rates on its share of the loan for these businesses than for businesses that get regular participation loans.

- Businesses owned by minorities, veterans, women, or disabled people can get loans up to the lesser of \$100,000 or half of project cost. Funds may be used for activities such as buying land; constructing or renovating buildings; buying and installing machinery or equipment; and working capital.
- Another part is offered to 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. In some cases, if a borrower defaults and the bank cannot collect all it is owed, the SBA will pay 75% of the shortfall.
- DCEO partners with community organizations to make loans to businesses in the form of “convertible subordinated debentures”—a form of debt in which the principal and interest due may be converted into stock in the borrowing company. If a business has problems making its payments, DCEO may convert the debenture from a loan into equity in the business. DCEO is then compensated like a regular

investor, such as with dividends. DCEO will sell its equity in the business when the business can survive on its own and DCEO can get a return on its investment.

Revolving Line of Credit Program

DCEO participates with banks to offer small businesses revolving lines of credit. The program is appropriate for businesses with no more than 500 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 \$750,000, and may not exceed 25% of the project or activity cost. Typically, DCEO participates for no more than 3 years.

Community Development Fund

This is part of Governor Quinn's Neighborhood Recovery Initiative, begun in October 2010. DCEO partnered with three financial institutions to distribute \$5 million in small loans to startups and existing small businesses. Over 300 loans were expected to be made. (The funds were first offered in November 2010, and the program was to last until funds ran out.)

Collateral Support Program

This program provides additional collateral to help borrowers get loans. DCEO provides funds equal to 15% to 20% of a lender's loan if the lender believes the borrower's collateral is inadequate. If the borrower defaults, the lender may keep those funds to cover the shortfall. Businesses with up to 750 employees are eligible. Loan funds may be used for numerous expenses such as startup costs, construction costs, equipment and inventory purchases, and working capital.

Invest Illinois Venture Fund

This venture capital program supports young and innovative companies that show high growth potential. A company must already have an actual or conditional commitment from an outside investor to be eligible. DCEO will invest in suitable companies, in amounts typically up to \$1 million and/or 25% of the company's equity. Funds may be used for many business purposes such as startup costs, construction costs, equipment and inventory purchases, and working capital.

Grants

Employer Training Investment Program

Businesses that are expanding and introducing more efficient technologies may get reimbursement for up to half the cost of training employees to upgrade their skills.

Large Business Development Program

Grants are available to businesses undertaking major expansion or relocation projects that will result in substantial private investment and the creation and/or retention of a large number of Illinois jobs. Funds may be used to buy land, buildings, machinery, or equipment; or for construction.

Recycling Grants and Assistance

Grants and technical assistance are provided for projects to develop or expand recycling collection and processing.

Contacts

(877) 221-4403

www.commerce.state.il.us/dceo/Bureaus/Business_Development/

www.ildceo.net/dceo/Bureaus/Advantage+Illinois/

Source: Illinois Finance Authority

Aid Offered

The Authority administers about 30 bond, loan, and guarantee programs for businesses.

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, and get at least half of gross income from farming. Gross income must be at least \$20,000, and net worth must be below \$500,000. 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 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.

Farm Purchase Guarantee Program

Farmers, ranchers, and agribusinesses may get loans to buy farmland; build or repair facilities; and improve farmland to promote soil and water conservation. In some cases, up to half the loan may be used to refinance existing debt. 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; and have a debt-to-asset ratio not over 70%. Cash flow and collateral must be 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 not over 70%; and have cash flow and collateral adequate for the loan.

Value-Added Stock Purchase Guarantee Program

Loans are made by local lenders to Illinois farmers planning to buy stock in value-added entities that further process their commodities. Part of the loan may also be used to refinance debt. A loan is limited to \$100,000 and a term of 10 years. An applicant must be the principal operator and materially involved in the operation, and have a debt-to-asset ratio not over 70% (unless risk-reduction measures are taken). Cash flow and collateral must be

adequate for the loan; a portion of the stock purchased may be used as collateral.

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 lesser of \$500,000 or half of each loan. IFA will participate at a fixed interest rate, 1% below the bank's 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

Business Invest Program

The Treasurer partners with banks to offer low-interest loans to three types of businesses:

- Small businesses (with up to \$3 million in annual gross receipts—or up to \$5 million for businesses in low-income Census tracts) may get loans up to \$1 million for capital purchases or improvements that will lead to job creation.
- Large businesses may get loans up to the lesser of (1) the projected annual payroll and benefits of the new jobs to be created or (2) \$10 million. They must show that loans

will benefit the community by adding jobs or in some other quantifiable way, and explain why conventional loan financing is not adequate.

- State-licensed child-care providers may get loans up to the lesser of \$10,000 per new licensed child-care space or \$10 million. They must report the number of child-care slots and number of new employees they expect to add. The loan must be used to buy land or equipment, or for construction leading to additional enrollment.

Agricultural Loans

The Treasurer partners with banks to offer short-term 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 \$120,000 for a single borrower or \$240,000 for a farm operation. A below-market interest rate is available for 1 year. Long-term loans for major expenses are available, limited to \$200,000 per year; below-market rates are available for up to 5 years. Applicants must show how loans will help farming operations.

Green Energy Loans

The Treasurer partners with banks to offer loans below market rates to businesses, nonprofit organizations, and local governments to finance the purchase or installation of energy efficiency and renewable energy equipment. Low interest rates are available for up to 5 years. Applicants must meet at least one of the following criteria: (1) proof of participation in an energy efficiency program of DCEO, ComEd, or Ameren; (2) a signed contract with an energy service company; (3) evidence that a professional accredited by Leadership in Energy and Environmental Design (LEED) is leading a project's bid to get green building certification from the U.S. Green Building Council; or (4) a plan to install renewable energy equipment.

Community Invest Loans

The Treasurer partners with banks to provide low-interest loans to health-care providers to help pay for improvements, including construction or new equipment. A borrower may get up to \$10 million for a term of 5 years. Loans must fund projects that will improve the medical services provided to a community.

Contacts

(217) 557-6436

www.treasurer.il.gov/

Source: Illinois Department of Transportation

Aid Offered

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

(217) 782-2835

www.dot.state.il.us/rfp.html

Source: Illinois Environmental Protection Agency

Aid Offered

Under the Brownfields Redevelopment Loan Program, municipalities and private entities may get low-interest loans to clean up brownfield sites having an actual release, or substantial threat of release, of hazardous substances. Loans are limited to \$1 million per project. Economic redevelopment potential and

long-term benefits of cleanup are considered in deciding whether to make a loan. Funds come from a revolving loan fund, with loan repayments used to make new loans.

Contacts

(217) 782-6761

www.epa.state.il.us/land/brownfields/brnasst2.html

Source: Illinois Department of Agriculture

Aid Offered

The AgriFIRST programs awards grants to expand the number of businesses in Illinois that increase the value of Illinois products. Funds are available for up to half the cost of a feasibility study or marketing plan; 75% of the cost of technical assistance; and 10% of the cost of buying land or buildings.

Contacts

(217) 782-2172

www.agr.state.il.us/Grants/AgriFIRST/factsheet.html

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)(3), (c), and (d))

A net operating loss may be carried forward up to 12 tax years after the taxable year of the loss, with some specified reductions in the deduction amount. (However, the deduction for corporations, except Subchapter S corporations, is suspended in 2011 and limited to \$100,000 per taxpayer in 2012 and 2013.)

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 an Enterprise or Redevelopment Zone; contributions to Enterprise or Redevelopment Zone organizations (35 ILCS 5/203(b)(2)(K), (M), and (N))

1. The amount of dividends included in federal AGI that were paid by a corporation that does business in an Enterprise Zone or 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 Enterprise or Redevelopment Zone 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.

Bonus depreciation (35 ILCS 5/203(b)(2)(T))

In 2003, Illinois “decoupled” from the federal “bonus depreciation” (30% of the cost of some capital assets bought between September 10, 2001 and September 11, 2004). Illinois taxpayers must add back the 30% federal bonus depreciation on their Illinois returns, but can deduct the bonus depreciation amount from state income during the following years.

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 11/10)

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. Firms that locate or expand at location-efficient sites (as approved by DCEO) or create jobs in labor-surplus areas may receive up to 10% more under the EDGE Tax Credit Act, or other adjustments to the credit amount as approved by DCEO.

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 2016). Carryforward: 5 years.

Enterprise or Redevelopment Zone investments (35 ILCS 5/201(f))

0.5% of amounts invested in qualified tangible, depreciable property in an Enterprise Zone or River Edge Redevelopment Zone. An added 0.5% credit for such an investment in a River Edge Redevelopment Zone is allowed if the taxpayer'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. Carryforward: 5 years.

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.

High Impact Business investments (35 ILCS 5/201(h))

0.5% of amounts invested in tangible, depreciable qualified property by a High Impact Business, as designated by DCEO.

Wages to veterans (35 ILCS 5/217)

10% of qualified wages paid to Illinois residents who are qualified veterans, not to exceed \$1,200 per veteran hired per year. The credit applies only to veterans hired after 2006 and employed at least 185 days in the tax year. Carryforward: 5 years.

Redevelopment Zone environmental remediation (35 ILCS 5/201(n))

25% of unreimbursed eligible environmental remediation costs over \$100,000 at a site within a River Edge Redevelopment Zone. Carryforward: 5 years.

Enterprise or Redevelopment Zone employees (35 ILCS 5/201(g))

\$500 per eligible employee hired during the tax year to work full-time in an Enterprise Zone, River Edge Redevelopment Zone, or federal Foreign Trade Zone or Sub-Zone. The company must hire at least 5 eligible persons to work in the zone during the tax year and meet other requirements. Carryforward: 5 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. Exoffenders who were convicted of some serious crimes are not eligible. Persons hired must have served time in an Illinois adult correctional center and be hired by the employer within 1 year after release. Total credit may not exceed \$600 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 2016. 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). 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 over half the property’s purchase price. Credit continues through 2016.

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 \$20 million may be awarded in a fiscal year. 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 2015.

Carryforward: 5 years for credits earned after tax year 2002.

Employee Income Tax Withholding Credit

Small business job creation (35 ILCS 25/1 ff.)

Up to \$2,500 per new full-time employee hired from FY 2011 through FY 2016 and paid at least \$10 per hour, resulting in a net increase in employees that lasts at least 1 year. Businesses with no more than 50 full-time workers are eligible, and must apply to DCEO. A credit is also available for businesses that hire someone in FY 2011 who participated in the Put Illinois to Work Program during 2010. Total statewide credits may not exceed \$50 million.

Retailers' Occupation (Sales) Tax Exemptions

Sales to and by exempt organizations (35 ILCS 120/2-5(6), (8), (9), (11), (35-5), (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.
2. Photoprocessing machinery and equipment, including repair and replacement parts.

Rolling stock (35 ILCS 120/2-5(12))

Sales of property to interstate carriers for hire for use as rolling stock (trucks or trailers) in interstate commerce, or to lessors under leases of at least 1 year executed or in effect at the time of purchase to interstate carriers for hire for use as rolling stock 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.

Retailers' Occupation (Sales) Tax Credit

Manufacturer's purchase credit (35 ILCS 105/3-85)

A manufacturer's purchase credit may be earned for buying manufacturing machinery and equipment and construction materials that are incorporated into a manufacturing facility, and for graphic-arts machinery and equipment. The credit may be used to offset sales tax liability for buying production-related personal property and construction materials that do not otherwise qualify for the exemptions of machinery, equipment, or materials described above. The credit is 50% of the price of manufacturing machinery or equipment to which that exemption did not apply. The credit may not be claimed when buying production-related tangible personal property for which an exemption is received.

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 per-

centage of expansion. These credits can be carried forward up to 5 years, but do not apply to property acquired after 2018 unless 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 this Website:

<http://businessfacilities.com/research-locations/u-s-great-lakes/illinois/>

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