

Illinois Economic Development Association: DCEO Updates

June 8, 2023



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Illinois: A State of Service

- ✓ Regional Collaboration with Key Stakeholders
- ✓ Intergovernmental Coordination
- ✓ Connection to Civic & Business Partners
- ✓ Assistance with Site Selection
- ✓ Customized Workforce Training
- ✓ Expedited Permitting, Licensing & Other Approval
- ✓ Incentives

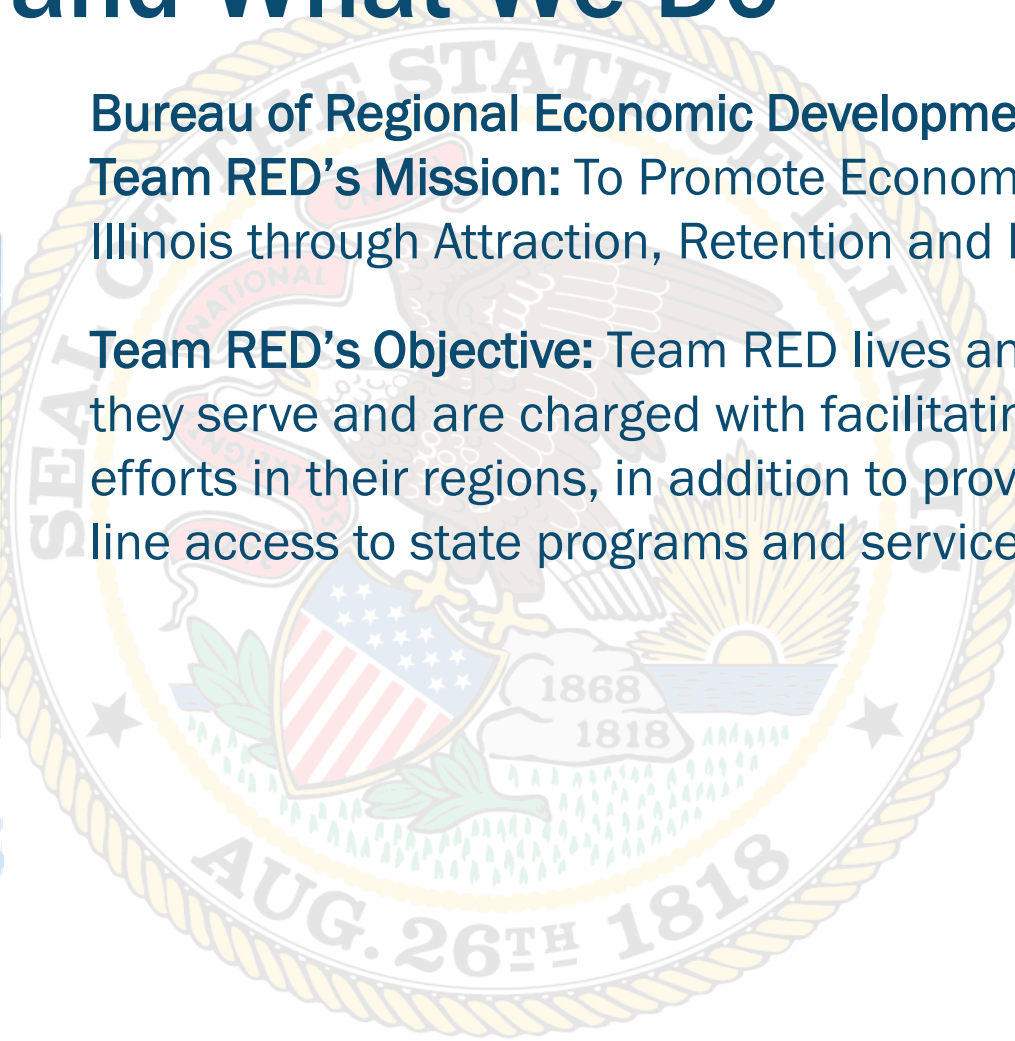
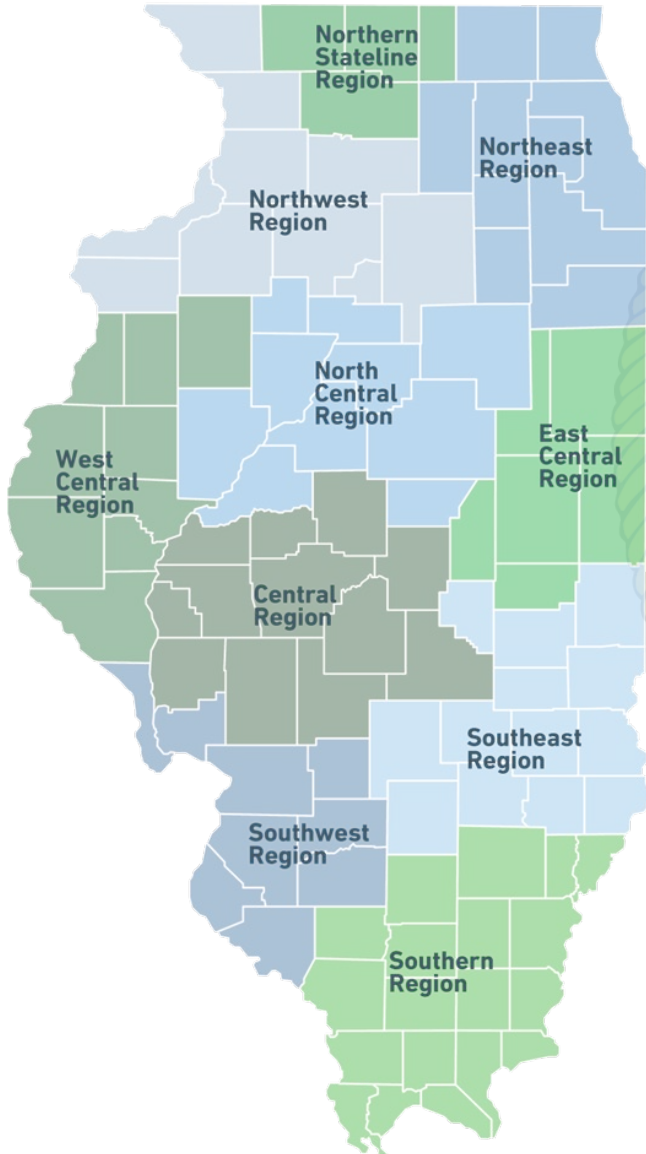


Who We Are and What We Do

Bureau of Regional Economic Development (RED)

Team RED's Mission: To Promote Economic Development in the State of Illinois through Attraction, Retention and Expansion Programs

Team RED's Objective: Team RED lives and works in the communities they serve and are charged with facilitating economic development efforts in their regions, in addition to providing communities with front-line access to state programs and services.



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How has Illinois been Doing?



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Record-Setting Year for EDGE in 2022

- Nearly **tripled** company EDGE investments from pre-pandemic levels
- Companies with EDGE invested **\$1 billion** – compared to **\$348 million** in 2019
- Nearly **60% increase** in jobs created compared to 2019
- 33% of EDGE projects in 2022 located in underserved areas



Supporting Small Businesses in Record Numbers



Record Number of Small Business Loans through Advantage Illinois in 2022

- Nearly 100 low-interest loans provided - **nearly double** the loans provided in '21 and the most loans since AI's launch
- A record **71 percent** of all loans were provided to businesses owned by people of color, veterans, people with disabilities and women



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Other Economic Highlights

- Ranked #2 for corporate investments & #1 workforce in the Midwest by Site Selection Magazine
- Nearly \$700M in film expenditures – highest-ever on record (2023)
- Received a record 8 credit upgrades since 2019
- Reached \$1 Trillion GDP for the first time in 2022



What Sectors are Expanding?

- Logistics/Distribution
- EV & Green Energy Manufacturing
 - Electric vehicles & component manufacturing
 - Renewable energy component manufacturing
 - Green material manufacturing
 - Energy storage
- Food Manufacturing
- Precision Fermentation



What We are Hearing



- Speed to market is KEY
- Companies do not want to wait for infrastructure build out
 - Operational in 12-24 months
 - Equipment supply chain issues exist but want to minimize site preparation delays
- Size can vary from 10- to 20-acre sites up to 400+ acres



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How Could We Position Ourselves for Success?

- Site readiness
 - Water and sewer
 - Utilities – at least planning and knowing what site is capable
 - Preliminary environmental investigations
- Local zoning
- Registering site in LOIS & with Intersect
- Discussions around local support
 - Local incentives
 - Property Tax Abatement Planning



The Seal of the State of Illinois is a circular emblem. It features an eagle with wings spread, perched on a shield with vertical stripes. Above the eagle's head is a banner with the word "NATIONAL". To the right of the eagle is a rising sun over a body of water. Below the eagle is a banner with the year "1868" and "1818". The outer ring of the seal contains the text "SEAL OF THE STATE OF ILLINOIS" at the top and "AUG. 26TH 1818" at the bottom, separated by two stars.

How Can DCEO Help?



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Business Development Programs

- Reimagining Energy & Vehicles Act (REV)
- Manufacturing Illinois Chips for Real Opportunity Act (MICRO)
- Economic Development for a Growing Economy (EDGE)
- Economic Development for a Growing Economy for Start Ups
- Data Centers Investment Program
- Invest in Illinois
- High Impact Business Program
- Enterprise Zone
- Capital Grant Programs
- Advantage Illinois & SSBCI 2.0
- And MORE....



Business Development Programs & Changes



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Reimagining Electric Vehicles is now Reimagining Energy and Vehicles (Still REV)

REV Element	Improvement
Name	Changed to Reimagining Energy and Vehicles (still REV)
Smaller companies now eligible	Lowers minimum company investment to \$2.5M and 50 new jobs (or 10% wwe)
More clean energy sectors eligible	Expanded to include manufacturers of solar, renewables, and energy storage components
Increased tax benefits for retained employees	Increased the value of the tax credits for retained jobs: <ul style="list-style-type: none">• Underserved Areas: Increased from 50% to 100%• Other Areas: Increased from 25% to 75%
More years of REV benefits	Companies can now apply to renew their REV agreement for one additional term, doubling the number of years they can receive benefits. <ul style="list-style-type: none">- REV Tier 1 benefits for a total of 20 years- REV Tier 2 benefits for a total of 30 years



Updates to REV (con't)

Updated definition of “component parts manufacturers”

- Removed the need for component parts manufacturer to *primarily* produce EV component parts.
- Removed the “*substantially*” portion of the definition of retained employee
- Allows production of any component part of an electric vehicle to be eligible
- Provides the ability to transition between EDGE and REV
- Updated 120% compensation requirement to use IDES data or BLS data



What is the Eligibility for REV?

Tiers	Entities	CAPEX Threshold	New Jobs Threshold	Timeframe to be Placed in Service
Tier 1	Smaller projects in the EV or renewables sectors	\$2.5M	≥ 50 jobs (or 10% of global employment, whichever is less)	Within 4 years
Tier 2	Electric Vehicle Manufacturer	\$1.5B	≥ 500 jobs	Within 5 years
Tier 2	EV Component Parts Manufacturer or Renewables Manufacturer	\$300M	≥ 150 jobs	Within 5 years
Tier 2	Traditional manufacturers converting to EV or renewables production	\$100M	≥ 50 new jobs (or new jobs equivalent to 10% of statewide baseline for taxpayer, whichever is less)	Within 5 years

- No “But For” Test required for eligibility
- Tier 1 projects: benefits up to 20 years
- Tier 2 projects: benefits up to 30 years



EDGE Updates

EDGE Element	Improvement
Removed administrative burden requiring companies to provide an "out of state" option	<p>Prior Policy: Companies were required to complete an in-depth analysis demonstrating they had a competing “out of state” option and that they would not locate or expand in Illinois if it weren’t for the EDGE credit (“but for”).</p> <p>2023 Improvement: Companies may attest to their need for EDGE incentives without submitting a burdensome comparative analysis</p>
Increased tax benefits for retained employees	Allows for consideration of retained employees statewide and increased credits for retained employees from 25% to 50% for companies located in underserved areas
Terms	Clarifies the 5-year termination clause



EDGE “But For” Updates

- The following will **no longer** violate the “but for”:
 - A company or consultant posting jobs in a location under consideration for the project.
 - Submittal of land, building, or other project plans to a unit of government.
 - Purchase of equipment with a delivery address which identifies the proposed Illinois project location.
 - If the company is not already located in Illinois, the identification of any Illinois delivery address.
 - Regulatory or other public filings indicating an intent to locate at the Illinois project site.



EDGE “But For” Updates (Cont.)

- The following “but for” elements remain in place & **should not** take place before approval:
 - An announcement, including a ground-breaking or ribbon-cutting ceremony, that the company plans to locate or expand at the project site, or anywhere in Illinois
 - The company’s execution of a lease without a contingency for receipt of the EDGE credit
 - The company’s execution of a land or building purchase agreement without a contingency for receipt of the EDGE credit



EDGE For Start Ups

- Available to new for-profit companies looking to expand in, or relocate to, Illinois.
- Companies must be **10 years old or less** and have **not** achieved profitability.
- Same eligibility criteria as EDGE apply
- Same credit value as EDGE
- **Difference:** The company may retain these credits immediately upon collecting withholding without remitting them to the state.
 - Once the company achieves profitability, EDGE agreement will convert to the regular EDGE and the tax credit will be applied towards the corporate taxes with a 5 year carry forward.



Manufacturing Illinois Chips for a Real Opportunity (MICRO) Updates



- Increased value of tax credit for retained employees
- Updated the 120% compensation requirement to use IDES data or BLS data



Invest in Illinois Act

- \$400M in funding available to DCEO as a “closing fund”
- Focused on attracting major job creators with significant investment
- Invest in Illinois application and agreement required
- Agreements will include clawback and performance related language



Enterprise Zone Updates



- Increased size of Enterprise Zones:
 - Previously max: 12 square miles, increased to 14 square miles
 - Previously max: 13 square miles, increased to 16 square miles
 - Previously max: 15 square miles, increased to 20 square miles



High Impact Business Program (HIB)

Eligible projects:

- Minimum \$12 million investment & create 500 full-time jobs, **OR** \$30 million investment with the retention of 1,500 full-time jobs
- Wind energy facilities
- Solar energy facilities

Changes to HIB:

- Removing the administrative burden requiring companies to provide an “out of state” option
- Enacted a renewal clause to allow HIB designees to extend their agreement for one additional term.



Data Center Tax Credit

- Provides owners & operators with exemptions from a variety of state and local taxes
- From June 2019 through December 31, 2021
 - 13 agreements
 - Capital investment: \$3.3 billion



Blue Collar Jobs Act

- Supports large-scale economic development activities by providing corporate income tax credits to companies that make substantial capital investments on eligible projects
- Tax Credit is based on the wages paid to construction workers employed on eligible project (up to 75 percent)
- Applications are open for companies that have received the following incentives:
 - Located in an Enterprise Zone (EZ)
 - Located in River Edge Redevelopment Zone (RERZ)
 - High Impact Businesses (HIB)
 - Companies with an EDGE agreement



Advantage Illinois and SSBCI 2.0

New programs for small businesses:

- Advantage Illinois (AI) Participating Loan Program (similar to current AI program)
- Advantage Illinois (AI) Loan Guarantee Program (New Program)
- INVENT Venture Capital Program (VCP) (New Program)
- Climate Bank Finance Loan Participation Program (New Program)



Grant Program – CDBG Programs

Community Development Block Grants (CDBG):

- Public Infrastructure
- Housing Rehabilitation
- Economic Development
- Disaster Response

Only units of local government (cities, villages, counties, townships) may apply/receive a CDBG grant.



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Rolling Grant Programs



- Business Attraction Prime Sites
- Illinois Meat & Poultry Supply Chain Capital Grant Program
- CDBG Economic Development Program
- IDOT Economic Development Program
- Federal Grant Support Program (new)
- SBIR/STTR Grant Match Program
- New Grant Help Desk





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Looking Ahead in FY24

- Federal Grant Support Program
- Back 2 Business New Biz Program
- Illinois Grocery Initiative
- Office of Rural Economic Development
- Office of Outdoor Recreation
- Rebuild Downtown and Main Street Grants
- Minority Owned Business Program
- Continued CEJA Implementation



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Business Development Road Show

- Coming to a community near you in Summer 2023!
- Opportunity to hear about the great work happening locally
- Provide information about incentive programs
- Answer questions
- Dates and locations will be announced shortly!



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