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Explaining How Certain Tax Incentive Programs Work – Part II

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A prior FR Alert concerning economic development and tax incentives focused on two programs in the news recently: the Economic Development for a Growing Economy Tax Credit Act (EDGE) and the Economic Development Area Tax Increment Allocation Act (EDA). Those two programs are far from the only economic development and tax incentive programs offered by the State. Because of the high level of interest in these programs, the following summarizes additional economic development and tax incentive programs local government officials may encounter.

Illinois Enterprise Zone Act [20 ILCS 655/1 *et seq.*]

Once designated by a county or municipality, and approved by the Illinois Department of Revenue, as a depressed area at least one-half square mile in size, businesses in an enterprise zone may receive reductions in income and sales taxes, easing of government regulations, and enhanced government services.

High Impact Businesses (Illinois Enterprise Zone Act) [20 ILCS 655/5.5]

Qualifying businesses (e.g., those that intend to make a minimum of $12 million in investments and create 500 jobs) are exempt from Electricity Excise Taxes, Income Taxes, Sales Taxes, etc.

Employer Training Investment Program (ETIP) (Department of Commerce and Economic Opportunity Law) [20 ILCS 605/605-800]

The Department of Commerce and Economic Opportunity is authorized to make grants to companies to fund employee training projects that improve skills, help the company expand into new markets, and introduce more efficient technologies into the company's operations.

Large Business Development Program (Build Illinois Act) [30 ILCS 750/10-1 *et seq.]*

The Department of Commerce and Economic Opportunity is authorized to provide grants and loans to companies employing more than 500 persons.

Angel Investment Credit (Illinois Income Tax Act) [35 ILCS 5/220]

The Illinois Angel Investment Credit Program is designed to offer a 25% income tax credit to those making an investment in a business certified by the Illinois Department of Revenue as qualifying as an innovative new business venture.

Film Production Services Tax Credit Act of 2008 [35 ILCS 16/1 *et seq.*]

Pursuant to review by the Illinois Department of Revenue, movie producers may receive an income tax credit up to 30% of all qualified expenditures in Illinois.

River Edge Redevelopment Act [65 ILCS 115/1 *et seq.*]

Four cities – Aurora, East St. Louis, Elgin, and Rockford – may designate zones for up to 30 years (subject to approval by the Department of Revenue) in which businesses may receive income tax deductions as well as enhanced public services, and utility facilities may share remediation costs with the municipality.

More Information

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