

# Legislative Alert

## ILLINOIS EDGE TAX CREDIT UPDATE

Atlas Insight assists companies from all industry sectors and geographies to negotiate and secure tax credits and incentives for business investment and job creation/retention.

The professionals at Atlas Insight are industry leaders in the field of corporate site selection and incentive procurement.

We help to choose locations for all types of business facilities that meet the long-term needs of those operations, while helping to achieve overall corporate goals.

Our team has extensive experience in all corporate sectors and has consulted on many sensitive projects for some of the world's largest corporations. We strive for excellence with every client.

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### *Target Audience: Companies Establishing New and Expanding Operations in Illinois*

#### Summary of Changes:

On November 10, 2015, Illinois Governor Bruce Rauner issued a press release outlining a plan for reinstating the Economic Development for a Growing Economy (EDGE) tax credit. Administered through the Illinois Department of Commerce and Economic Opportunity (DCEO), the EDGE had been suspended for new projects since June 2<sup>nd</sup>, 2015, in light of an FY16 state budget impasse.

The announcement indicated that the DCEO will again be able to issue formal EDGE offers, confirm program eligibility, and review annual report submissions. However, credit certificates will not be issued for new projects until the new state budget is enacted.

The reinstatement will also bring the following program changes:

1. The elimination of "Special EDGE" agreements, which permitted businesses undertaking significantly impactful projects to claim the credit against employee income tax withholdings;
2. Projects which only include job retention will no longer be considered;
3. Businesses will now be required to demonstrate statewide job growth on an annual basis to qualify for a credit (previously, net new jobs were only required at the project location); and
4. Each facility will be limited to one active EDGE agreement.

#### EDGE Tax Credit Overview

The EDGE program offers income tax credits to encourage companies to locate or expand operations in Illinois. To qualify, businesses must agree to create at least 25 new, full-time positions, incur \$5 million in capital improvements, and demonstrate that an out-of-state location is under consideration for the project. The credit value is calculated as a percentage of the annual income tax withholdings of newly created positions for up to 10 years, and may be carried forward for up to 5 years.

#### Recommended Action:

If your company is considering expanding or locating a new operation in Illinois, then this legislation could present a valuable opportunity. The experts at Atlas Insight have the experience and resources to navigate you through the application, approval and compliance phases while ensuring you receive maximum benefit possible. Please contact us so that we can determine if your company will be a good candidate for the Illinois EDGE Program.

