

TITLE 14: COMMERCE
SUBTITLE C: ECONOMIC DEVELOPMENT
CHAPTER I: DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY

PART 565
ADVANCING INNOVATIVE MANUFACTURING (AIM) FOR
ILLINOIS TAX CREDIT PROGRAM

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21
22 AUTHORITY: Implementing and authorized by the Advancing Innovative Manufacturing for
23 Illinois Tax Credit Act [35 ILCS 65/77-1].

24
25 SOURCE: Adopted at 50 Ill. Reg. _____, effective _____.

26
27 **Section 565.10 Purpose**

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29 *The General Assembly intends that Illinois should lead the nation in manufacturing domestically*
30 *and internationally demanded goods. Through the support of manufacturers existing within*
31 *Illinois and those seeking to relocate to Illinois, this Act is intended to spur innovation in growth*
32 *industries and fast-growing sectors, including: automotive manufacturing; aerospace*
33 *manufacturing; energy and life sciences; machine manufacturing; fabricated metal*
34 *manufacturing; chemical manufacturing; robotics; and the production of advanced materials.*
35 *The Act is intended to create good paying jobs, generate long-term economic investment in the*
36 *Illinois business economy, and ensure that vital products are made in the United States. [35*
37 *ILCS 65/77-5]*

38
39 **Section 565.20 Definitions**

40
41 The following definitions are applicable to this Part.

42

43 "Act" means the Advancing Innovative Manufacturing for Illinois Tax Credit Act.
44 [35 ILCS 65/77]
45

46 *"Advanced Manufacturing" means the practice of using innovative technologies*
47 *and methods to improve a company's ability to be competitive in the*
48 *manufacturing sector by optimizing all aspects of the value chain, from concept to*
49 *end-of-life considerations. "Advanced Manufacturing" includes, but is not limited*
50 *to, advanced manufacturing practices adopted by the following industries: clean*
51 *energy ecosystem businesses; life sciences businesses; food manufacturing;*
52 *automotive and aerospace manufacturing; machinery manufacturing; fabricated*
53 *metal manufacturing; chemical manufacturing; robotics; and advanced materials*
54 *manufacturing, including nanomaterial manufacturing.*
55

56 *"Advanced Innovative Manufacturing for Illinois Tax Credit" or "Credit" means a*
57 *credit agreed to between the Department and the applicant under the Act that is*
58 *based on capital improvements made to a new existing facility for the purpose of*
59 *modernizing, upgrading, automating, or streamlining a manufacturing or*
60 *production process.*
61

62 *"Agreement" means the agreement between a taxpayer and the Department under*
63 *the provisions of the Act.*
64

65 *"Applicant" means a taxpayer that:*
66

67 *operates a business in Illinois as a manufacturer of critically needed*
68 *goods;*
69

70 *operates a business in Illinois that primarily engages in research and*
71 *development that will result in the manufacturing of critically needed*
72 *goods; or*
73

74 *is planning to locate a business within the State of Illinois as a*
75 *manufacturer of critically needed goods or a business in Illinois that*
76 *primarily engages in research and development that will result in the*
77 *manufacturing of critically needed goods.*
78

79 *For the purposes of this definition, a business primarily engages in research*
80 *and development if at least 50% of its business activities involve research and*
81 *development in the manufacturing of critically needed goods.*
82

83 *"Applicant" does not include a taxpayer that closes or substantially reduces,*
84 *by more than 50%, operations at one location in the State and relocates*
85 *substantially the same operation to another location in the State. This*

86 *exclusion does not prohibit a taxpayer from expanding its operations at*
87 *another location in the State. This exclusion also does not prohibit a taxpayer*
88 *from moving its operations from one location in the State to another location*
89 *in the State for the purpose of expanding the operation of the business if the*
90 *Department determines that expansion cannot reasonably be accommodated*
91 *within the municipality or county in which the business is located, or, in the*
92 *case of a business located in an incorporated area of the county, within the*
93 *county in which the business is located.*

94
95 *"Capital Improvement" means:*

96
97 *the purchase, renovation, rehabilitation, or construction of permanent*
98 *tangible land, buildings, structures, equipment, and furnishings at an*
99 *approved project site in Illinois; and*

100
101 *expenditures for goods or services that are normally capitalized, including*
102 *organizational costs and research and development costs incurred in*
103 *Illinois.*

104
105 *For land, buildings, structures, and equipment that are leased, the term of the*
106 *lease must equal or exceed the term of the agreement, and the cost of the*
107 *property shall be determined from the present value, using the corporate*
108 *interest rate prevailing at the time of the application, of the lease payments.*
109 [35 ILCS 65/77-10]

110
111 *"Critically Needed Goods" means products or materials produced through*
112 *advanced manufacturing and that are essential for maintaining public health,*
113 *public safety, economic security, or vital infrastructure, and for which there is a*
114 *risk of a supply chain disruption. Examples include: semiconductors; critical*
115 *materials and minerals; energy materials and essential consumer goods;*
116 *automotive manufacturing goods; aerospace manufacturing goods; energy and life*
117 *sciences materials; machine manufacturing goods; fabricated metal commodities;*
118 *chemical manufacturing goods; robotics supplies; and the production of other*
119 *advanced materials, products, and machines.*

120
121 *"Department" means the Illinois Department of Commerce and Economic*
122 *Opportunity.*

123
124 *"Director" means the Director of the Illinois Department of Commerce and*
125 *Economic Opportunity.*

126
127 *"Full-time employee" means an individual who is employed for consideration for*
128 *at least 35 hours each week or who renders any other standard of service*

129 *generally accepted by industry custom or practice as full-time employment. An*
130 *individual for whom a W-2 is issued by a Professional Employer Organization*
131 *(PEO) is a full-time employee if employed in the service of the applicant for*
132 *consideration for at least 35 hours each week.*

133
134 *"Incremental Income Tax" means the total amount withheld during the taxable*
135 *year from the compensation of new employees and, if applicable, retained*
136 *employees under Article 7 of the Illinois Income Tax Act arising from employment*
137 *at a project that is the subject of an agreement. [35 ILCS 65/77-10]*

138
139 *"Local Workforce Investment Area" means a single county or multiple counties*
140 *designated by the Governor, which allows for the receipt of an allotment of funds*
141 *under Section 127(b) or 132(b) of the Workforce Innovation and Opportunity Act*
142 *(PL 113 through 128 (2014)) (WIOA), with considerations consisting of the*
143 *extent to which the areas:*

144
145 *are consistent with labor market areas in the State;*

146
147 *are consistent with regional economic development areas in the State; and*

148
149 *have available the federal and non-federal resources necessary to*
150 *effectively administer activities under Subtitle B and other applicable*
151 *provisions of WIOA, including whether the areas have the appropriate*
152 *education and training providers, such as institutions of higher education*
153 *and area career and technical education schools.*

154
155 *"New Employee" means a newly-hired full-time employee employed to work at the*
156 *project site and whose work is directly related to the project.*

157
158 *"Noncompliance Date" means, in the case of a taxpayer that is not complying*
159 *with the requirements of the agreement or the provisions of the Act, the day*
160 *following the last date upon which the taxpayer was in compliance with the*
161 *requirements of the agreement and the provisions of the Act, as determined by the*
162 *Director.*

163
164 *"Placed in Service" means that the facility is in a state or condition of readiness,*
165 *is available for a specifically assigned function, and is constructed and ready to*
166 *conduct manufacturing operations.*

167
168 *"Professional Employer Organization" or "PEO" means an employee leasing*
169 *company, as defined in Section 206.1(A)(2) of the Unemployment Insurance Act*
170 *[820 ILCS 405].*

171

172 *"Program" means the Advancing Innovative Manufacturing for a Illinois Tax*
173 *Credit program established in the Act.*

174
175 *"Project" means a for-profit economic development activity advancing*
176 *manufacturing.*

177
178 *"Related Member" means a person that, with respect to the taxpayer during any*
179 *portion of the taxable year, is any one of the following:*

180
181 *An individual stockholder, if the stockholder and the members of the*
182 *stockholder's family (as defined in Section 318 of the Internal Revenue*
183 *Code) own directly, indirectly, beneficially, or constructively, in the*
184 *aggregate, at least 50% of the value of the taxpayer's outstanding stock.*

185
186 *A partnership, estate, or trust of any partner or beneficiary, if the*
187 *partnership, estate, or trust, and its partners or beneficiaries own directly,*
188 *indirectly, beneficially, or constructively, in the aggregate, at least 50% of*
189 *the profits, capital, stock, or value of the taxpayer.*

190
191 *A corporation, and any party related to the corporation in a manner that*
192 *would require an attribution of stock from the corporation under the*
193 *attribution rules of Section 318 of the Internal Revenue Code, if the*
194 *taxpayer owns directly, indirectly, beneficially, or constructively at least*
195 *50% of the value of the corporation's outstanding stock.*

196
197 *A corporation and any party related to that corporation in a manner that*
198 *would require an attribution of stock from the corporation under the*
199 *attribution rules of Section 318 of the Internal Revenue Code, if the*
200 *corporation and all such related parties own in the aggregate at least 50%*
201 *of the profits, equity, capital, stock, or value of the taxpayer.*

202
203 *A person to or from whom there is attribution of stock ownership in*
204 *accordance with Section 1563(e) of the Internal Revenue Code, except, for*
205 *purposes of determining whether a person is a related member under this*
206 *paragraph, 20% shall be substituted for 5% wherever 5% appears in*
207 *Section 1563(e) of the Internal Revenue Code.*

208
209 *"Retained employee" means a full-time employee who is employed by the taxpayer*
210 *before the first day of the term of the agreement, who continues to be employed by*
211 *the taxpayer during the term of the agreement, and whose job duties are directly*
212 *and substantially related to the project. For purposes of this definition, "directly*
213 *and substantially related to the project" means that at least two-thirds of the*
214 *employee's job duties must be directly related to the project and the employee*

215 *must devote at least two-thirds of his or her time to the project. The term*
216 *"retained employee" does not include any individual who has a direct or an*
217 *indirect ownership interest of at least 5% in the profits, equity, capital, or value of*
218 *the taxpayer or a child, grandchild, parent, or spouse, other than a spouse who is*
219 *legally separated from the individual, of any individual who has a direct or*
220 *indirect ownership of at least 5% in the profits, equity, capital, or value of the*
221 *taxpayer.*

222
223 *"Statewide baseline" means the total number of full-time employees of the*
224 *applicant and any related member employed by such entities in Illinois at the time*
225 *of application for incentives under the Act.*

226
227 *"Taxpayer" means an individual, corporation, partnership, or other entity that*
228 *has a legal obligation to pay Illinois income taxes and file an Illinois income tax*
229 *return. [35 ILCS 65/77-10]*

230
231 "Underserved Area" means a geographic area that meets one or more of the
232 following conditions:

233
234 the area has a poverty rate of at least 20% according to the latest American
235 Community Survey;

236
237 35% or more of the families with children in the area are living below
238 130% of the poverty line, according to the latest American Community
239 Survey;

240
241 at least 20% of the households in the area receive assistance under the
242 Supplemental Nutrition Assistance Program (SNAP); or

243
244 the area has an average unemployment rate, as determined by the Illinois
245 Department of Employment Security, that is more than 120% of the
246 national unemployment average, as determined by the U.S. Department of
247 Labor, for a period of at least two consecutive calendar years preceding
248 the date of the application.

249
250 **Section 565.30 Eligibility Determination**

251
252 a) Any taxpayer that operates a business in Illinois as a manufacturer of critically
253 needed goods, is primarily engaged in research and development that will result in
254 the manufacturing of critically needed goods, or is planning to locate a business
255 within the State of Illinois as a manufacturer of critically needed goods or a
256 business in Illinois that primarily engages in research and development that will
257 result in the manufacturing of critically needed goods is an eligible business.

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- b) For the purposes of eligibility, a business primarily engages in research and development if at least 50% of its business activities involve research and development in the manufacturing of critically needed goods. Special consideration may be applied to projects:
 - 1) located within underserved areas;
 - 2) targeting industries that are vital to the Illinois economy;
 - 3) with significant job creation or job retention, or both; and
 - 4) with considerable capital improvement investments.
- c) Any proposed project must include a capital improvement investment of at least \$10,000,000.
- d) *A taxpayer may not enter into more than one agreement under the Act with respect to a single address or location for the same period. A taxpayer may not enter into an agreement under the Act with respect to a single address or location if the taxpayer also holds an active agreement under the Economic Development for a Growing Economy Tax Credit Act, Reimagining Electric Vehicles in Illinois Tax Credit Act, Manufacturing Illinois Chips for Real Opportunity Act, or Data Center Investment Tax Exemptions and Credits for the same period. This provision does not preclude the applicant from entering into an additional agreement after the expiration or voluntary termination of an earlier agreement under the Act or under the Economic Development for a Growing Economy Tax Credit Act, Reimagining Electric Vehicles in Illinois Tax Credit Act, Manufacturing Illinois Chips for Real Opportunity Act, or Data Center Investment Tax Exemptions and Credits to the extent that the taxpayer's application otherwise satisfies the terms and conditions of the Act and is approved by the Department. An applicant with an existing agreement under the Economic Development for a Growing Economy Tax Credit Act, Reimagining Electric Vehicles in Illinois Tax Credit Act, Manufacturing Illinois Chips for Real Opportunity Act, or Data Center Investment Tax Exemptions and Credits may submit an application for an agreement under the Act after it terminates any existing agreement under the Economic Development for a Growing Economy Tax Credit Act, Reimagining Electric Vehicles in Illinois Tax Credit Act, Manufacturing Illinois Chips for Real Opportunity Act, or Data Center Investment Tax Exemptions and Credits with respect to the same address or location. [35 ILCS 65/77-20(d)]*

Section 565.40 Form of Application

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- a) Applications will be accepted at any time during the year. The Department will provide interested applicants with an application package upon request. Submittal of an application does not commit the Department to award assistance or to pay any costs incurred by the applicant in the preparation of an application.
 - b) Written applications will be required and must be submitted on the standard application form provided by the Department. Applications shall be submitted to the Department office location identified on the application. The application shall include:
 - 1) Application Cover Page – containing name, address, and telephone number of applicant; key contact and title; total number of new employees to be hired and, when applicable, the number of full-time employees to be retained; company Federal Employer Identification Number (F.E.I.N.); Standard Industrial Code (S.I.C.); if available, Illinois Unemployment Insurance Account Code; State Senate District number; State Representative District number; authorized signatures; and related information.
 - 2) Project Summary – a detailed description of the project that is to be the subject of the agreement.
 - 3) Site Map – an outline of the general location of the project on a site map, including the location of any flood plain areas and wetland areas.
 - 4) Jobs Impact – a detailed description of the number of new employees to be hired and the occupation and payroll of the full-time jobs to be created as a result of the project, and a schedule of anticipated starting dates of the new hires. In addition, the applicant must provide the total number of full-time employees employed by the applicant and any related member, subsidiary, parent, or sister company in the State of Illinois at the time of the application. Applicant must also provide the number of retained employees at the project, the statewide baseline, and detail any potential decline in jobs at the project location.
 - 5) Capital Improvements Planned – a detailed description of the investment the taxpayer will make in capital improvements, and the designated location in Illinois for the investment. This shall include, but not be limited to, a description (or specifications or lists) of the planned capital improvements demonstrating the investment is qualified; documentation to substantiate the value of the investment (value of capital improvements as provided by appraisers, vendors, contractors, architects and engineers);

344 and a schedule regarding when the eligible investment will be placed in
345 service.

- 346
- 347 6) Any other provisions or information the Department determines is
348 necessary to facilitate the Department's evaluation of the application.
349
- 350 c) The applicant is responsible for the accuracy of all data, information and
351 documentation included in its application. Once submitted, applications shall
352 become the property of the Department.
353
- 354 d) Any documentary materials or data made available or received by any member of
355 a business development or other committee formed by the Department or any
356 agent or employee of the Department shall be deemed confidential and shall not
357 be deemed public records to the extent that the materials or data consist of trade
358 secrets, commercial or financial information regarding the operation of the
359 business conducted by the applicant for, or recipient of, any tax credit under the
360 Act, or any information regarding the competitive position of a business in a
361 particular field of endeavor.
362

363 **Section 565.50 Application Review**
364

- 365 a) Prior to substantive evaluation of an application, the Department shall screen all
366 applications to determine that all requirements of the application package have
367 been addressed. Applicants will be notified of deficiencies in applications and
368 given an opportunity to correct those deficiencies through submission of
369 additional documentation.
370
- 371 b) In evaluating applications, the Department shall determine whether all of the
372 following conditions exist:
373
- 374 1) The applicant intends to make the required investment in the project.
375
- 376 2) The applicant has documented the total jobs impact (new employees,
377 retained employees, or both) associated with the project.
378
- 379 3) The applicant's project is economically sound and will benefit the people
380 of the State of Illinois by expanding the market for critically needed goods
381 and strengthening the economy of Illinois.
382
- 383 4) Awarding the credit will result in an overall positive fiscal impact to the
384 State, according to the best available data.
385
- 386 5) The applicant is committed to expanding manufacturing in Illinois.

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- c) When necessary to fulfill the purpose of the Act, the Department may make inquiries, and conduct studies in the manner and by the methods it deems desirable, review information with respect to applicants, and make recommendations on projects to benefit the State.

Section 565.60 Application Approval and Denial

- a) Applicants shall be notified in writing as to the Department's evaluation of the application. If the Department denies an application, it will specify the reasons for the denial in writing and allow the applicant 30 days to amend and resubmit its application for evaluation. If the applicant disagrees with the Department's decision it may seek relief through the process set forth at 56 Ill. Adm. Code 2605 (Administrative Hearing Rules).
- b) The Department will negotiate a formal agreement with applicants determined to be eligible for the award of a credit.

Section 565.70 Determination of Amount and Term of the Credit

- a) *A taxpayer is entitled to a credit against the tax imposed under subsections (a) and (b) of Section 201 of the Illinois Income Tax Act for taxable years beginning on or after January 1, 2026. The Department may award credits under the Act on and after January 1, 2027. [35 ILCS 65/77-25(a)]*
- b) *The credit amount shall be determined based on the total amount of the capital improvement investment made by the taxpayer:*
 - 1) *A capital improvement investment of \$10,000,000 or more but less than \$50,000,000 shall result in a maximum credit of 3% of the capital improvement amount;*
 - 2) *A capital improvement investment of \$50,000,000 or more but less than \$100,000,000 shall result in a maximum credit of 5% of the capital improvement amount;*
 - 3) *A capital improvement investment of \$100,000,000 or more shall result in a maximum credit of 7% of the capital improvement amount.*
- c) *Projects may be granted tax credit awards that reflect investments made within a maximum 5-year period. [35 ILCS 65/77-25(e)]*

- 429 d) *Credits awarded under the Act shall not reduce a taxpayer's liability for the tax*
430 *imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act*
431 *to less than zero. [35 ILCS 65/77-25(b)]*
432
- 433 e) *Unused credit may be carried forward for a maximum of 10 years for use in*
434 *future taxable years. [35 ILCS 65/77-25(b)]*
435
- 436 f) *Any taxpayer qualifying for credits under the Act shall not be eligible for the*
437 *credits under subsections (e), (f), or (h) of Section 201 of the Illinois Income Tax*
438 *Act for the same expenditures for the same taxable period. [35 ILCS 65/77-25(b)]*
439
- 440 g) The Department shall certify to the Department of Revenue:
441
- 442 1) *the identity of taxpayers that are eligible to receive tax credits under the*
443 *Act; and*
444
- 445 2) *the amount of the credits awarded in each calendar year.*
446
- 447 h) *Credits so earned and certified by the Department may be applied against the tax*
448 *imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act*
449 *for taxable years beginning on or after January 1, 2026. [35 ILCS 65/77-25(c)]*
450

451 **Section 565.80 Tax Credit Agreement**
452

- 453 a) Each taxpayer for whom the Department determines qualifies for a credit under
454 the Act may enter into an agreement with the Department that specifies terms and
455 conditions regarding the provision of the credit and defines the rights and
456 responsibilities of the taxpayer and the Department. *The agreement shall include*
457 *all of the following:*
458
- 459 1) *a detailed description of the project that is the subject of the agreement,*
460 *including the location and amount of the investment and jobs created or*
461 *retained;*
462
- 463 2) *the duration of the credit, the first taxable year for which the credit may*
464 *be awarded, and the first taxable year in which the credit may be used by*
465 *the taxpayer;*
466
- 467 3) *the maximum allowable credit as a percentage of the project's total*
468 *capital improvement investment;*
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- 470 4) *a requirement that the taxpayer shall maintain operations at the project*
471 *location for a minimum of 15 years;*

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- 5) *a requirement that the taxpayer shall, at the time that the project is placed in service, report to the Department the number of new employees, the number of retained employees, and the total capital improvement investment of the project, and any other information the Department deems necessary and appropriate to perform its duties under the Act;*
- 6) *a requirement authorizing the Director to verify with the appropriate State agencies the amounts reported under subsection (a)(5), and, after doing so, to issue a certificate to the taxpayer stating that the amounts have been verified;*
- 7) *a requirement that the taxpayer shall provide written notification to the Director not more than 30 days after the taxpayer makes or receives a proposal that would transfer the taxpayer's State tax liability obligations to a successor taxpayer;*
- 8) *a detailed description of the number of new employees to be hired, and the occupation and payroll of full-time jobs to be created or retained because of the project;*
- 9) *the minimum investment the taxpayer will make in capital improvements, the time period for which the project may claim credit, and the designated location in Illinois for the investment;*
- 10) *a requirement that the taxpayer shall provide written notification to the Director and the Director's designee not more than 30 days after the taxpayer determines that the minimum job creation or retention, employment payroll, or investment no longer is or will be achieved or maintained as set forth in the terms and conditions of the agreement. Additionally, the notification should outline to the Department the number of layoffs, date of the layoffs, and detail taxpayer's efforts to provide career and training counseling for the impacted workers with industry-related certifications and trainings;*
- 11) *a provision that, if the total number of new employees falls below a specified level, the allowance of credit shall be suspended until the number of new employees equals or exceeds the agreement amount;*
- 12) *a detailed description of the items for which the costs incurred by the taxpayer will be included in the limitation on the credit;*

- 514 13) *a provision stating that if the taxpayer ceases principal operations with*
515 *the intent to permanently shut down the project in the State during the*
516 *term of the agreement, then the entire credit amount awarded to the*
517 *taxpayer prior to the date the taxpayer ceases principal operations shall*
518 *be returned to the Department and shall be reallocated to the local*
519 *workforce investment area in which the project was located; and*
520
521 14) *any other performance conditions or contract provisions the Department*
522 *determines are necessary or appropriate. [35 ILCS 65/77-30]*
523
524 b) *The Department shall post on its website the terms of each agreement entered into*
525 *under the Act. The information shall be posted within 10 days after entering into*
526 *the agreement and must include the following:*
527
528 1) *the name of the taxpayer;*
529
530 2) *the location of the project;*
531
532 3) *the estimated value of the credit;*
533
534 4) *the number of new employee jobs and, if applicable, number of retained*
535 *employee jobs at the project; and*
536
537 5) *whether or not the project is in an underserved area or energy transition*
538 *area. [35 ILCS 65/77-30]*
539

540 **Section 565.90 Certificate of Verification**

- 541
542 a) The taxpayer shall notify the Department on forms provided by the Department
543 when the minimum eligible capital improvement investments have been placed in
544 service, the minimum new employee jobs have been created (if applicable), and
545 that retained employees remain employed by the taxpayer (if applicable).
546
547 b) The taxpayer shall provide: for land acquisition, building acquisition, or both, a
548 copy of the purchase agreement; for building construction or renovation, a
549 contractor's or architect's cost certification; for space rental, a rental or lease
550 agreement.
551
552 c) *For a taxpayer to be eligible for a certificate of verification, the taxpayer shall*
553 *provide proof as required by the Department prior to the end of each calendar*
554 *year, including, but not limited to, attestation by the taxpayer that:*
555

- 556 1) *the project has achieved the level of capital improvement investment in*
557 *Illinois specified in the agreement. [35 ILCS 65/77-35(b)]*
558
559 2) the project has achieved the level of full-time new employees and retained
560 employees specified in the agreement (if applicable).
561
562 3) the project has maintained the statewide baseline set forth in the
563 agreement.
564
565 4) the taxpayer has materially complied with the terms of the agreement and
566 is not otherwise in violation of any provision of the Act.
567
568 d) Upon receipt of valid proof from the taxpayer, the Department shall provide the
569 taxpayer with a certificate of verification.
570
571 e) *A taxpayer claiming a credit under this Act shall submit to the Department of*
572 *Revenue a copy of the Director's certificate of verification under this Act for the*
573 *taxable year. However, failure to submit a copy of the certificate with the*
574 *taxpayer's tax return shall not invalidate a claim for a credit. [35 ILCS 65/77-*
575 *35(a)]*
576

577 **Section 565.100 Noncompliance with the Agreement**
578

579 *If the Director determines that a taxpayer who has received a credit under the Act is not*
580 *complying with the requirements of the agreement or all the provisions of the Act, the Director*
581 *shall provide notice to the taxpayer of the alleged noncompliance and allow the taxpayer a*
582 *hearing under the provisions of 56 Ill. Adm. Code 2605. If, after such notice and any hearing,*
583 *the Director determines that noncompliance exists, the Director shall issue to the Department of*
584 *Revenue a notice to that effect, stating the noncompliance date. [35 ILCS 65/77-40]*
585

586 **Section 565.110 Recapture and Reallocation of Recaptured Amounts**
587

- 588 a) *If, during the term of an agreement, the taxpayer ceases operations at a project*
589 *location that is the subject of the agreement with the intent to terminate*
590 *operations in the State, the Department and the Department of Revenue shall*
591 *recapture from the taxpayer the entire credit amount awarded under that*
592 *agreement prior to the date the taxpayer ceases operations.*
593 *[35 ILCS 65/77- 40]*
594

- 595 1) If the Department determines that a taxpayer ceases operations at a project
596 location that is the subject of that agreement with the intent to terminate
597 operations in the State, the Director shall provide notice to the taxpayer of
598 that determination and allow the taxpayer a hearing under the Illinois

599 Administrative Procedure Act [5 ILCS 100]. Example of activities that
600 evidence a cessation of operation at a project location with an intent to
601 terminate operations in the State include, but are not limited to, Illinois
602 Worker Adjustment and Retraining Notification Act (WARN) [820 ILCS
603 65] notices reflecting layoffs in excess of 65% of the full-time employees
604 located at the project site, public announcements or other media reflecting
605 an intent to relocate operations outside the State, or any other information
606 the Department determines reflects an intent to discontinue operations at
607 the project site.

- 608
- 609 2) The Department shall notify a taxpayer in writing that it is subject to
610 recapture. The notice shall include the reason for revocation and the date
611 and location of a hearing to be held pursuant to 56 Ill. Adm. Code 2605
612 (Administrative Hearing Rules).
- 613
- 614 3) Following a final determination following an administrative hearing, or
615 the Director's determination is a hearing is not request, that credits
616 received pursuant to an agreement are subject to recapture, the Department
617 will contact the Director of the Illinois Department of Revenue who may
618 initiate proceedings to determine the amounts to be reallocated by the
619 Department pursuant to Section 77-40 of the Act.

620

621 b) *The Department shall, subject to appropriation, reallocate the recaptured*
622 *amounts within 6 months to the local workforce investment area in which the*
623 *project was located for purposes of workforce development, expanded*
624 *opportunities for unemployed persons, and expanded opportunities for women*
625 *and minority persons in the workforce in accordance with the Grant*
626 *Accountability and Transparency Act (30 ILCS 708). [35 ILCS 65/77-40]*

- 627
- 628 1) Any county, municipality, or other entity may apply for a grant from the
629 Department under this Section *for the purposes of workforce development,*
630 *expanded opportunities for unemployed persons, and expanded*
631 *opportunities for women and minorities in the workforce* in the local
632 workforce investment area.

- 633
- 634 A) An application must be submitted on the standard application form
635 provided by the Department specifically setting forth how grant-
636 related activities would directly support *workforce development,*
637 *expanded opportunities for unemployed persons, and expanded*
638 *opportunities for women and minorities in the workforce* in the
639 local workforce investment area.
- 640

- 641 B) The Department will evaluate applications based on the extent to
642 which the grant applicant demonstrates that the proposed grant-
643 related activities will directly support the purposes of this Section.
644
- 645 C) Grant applicants shall be notified in writing as to the Department's
646 evaluation of all completed grant applications. If the Department
647 denies a grant application, it will specify the reasons for the denial
648 in writing and allow the grant applicant 30 days to amend and
649 resubmit its application for evaluation.
650
- 651 D) The Department shall determine the amount of funds awarded to
652 any grant applicant under this Section.
653
- 654 E) Upon approval of a grant application, the Department shall enter
655 into a grant agreement with the grant applicant in accordance with
656 the Grant Accountability and Transparency Act (GATA) [30 ILCS
657 708], containing such terms and conditions as the Department
658 deems necessary and proper to effect the purposes of the Act.
659
- 660 2) Grant funds shall be distributed in accordance with GATA, and any other
661 applicable State laws.
662
- 663 c) *The taxpayer will be ineligible for future funding under other State tax credit or*
664 *exemption programs for a 36-month period. Noncompliance with the agreement*
665 *will result in a default of other agreements for State tax credits and exemption*
666 *programs for the project. [35 ILCS 65/77-40]*