

Illinois Department of Commerce & Economic Opportunity www.illinois.gov/dceo

## DCEO Overview Key Business Development Tools




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### Overview

Regional Economic Development

- Regions and Contacts
- Office of Minority Economic Empowerment

Business & Community Development

- EDGE
- CDBG Economic Development
- Enterprise Zone
- Blue Collar Jobs Act
- Advantage IL
- Fund for Advancement of Minority Enterprises (FAME)
- WIOA Programs
- Apprenticeship Educational Expense Program
- Research and Development
- Angel Tax Incentive Program
- Minority-Owned Business Capital Grants



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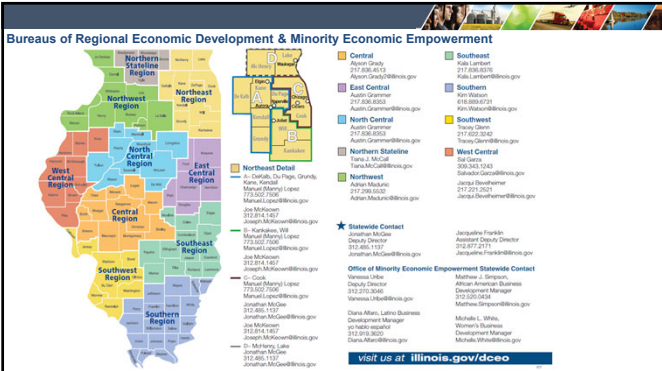
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### HOW Team RED WORKS WITH BUSINESSES & COMMUNITIES

The Bureau of Regional Economic Development (RED) serves the State of Illinois' primary marketing and recruitment arm, responsible for helping businesses expand, grow and relocate to Illinois to create a thriving and inclusive economy. Team (RED), serves as the face of the DCEO in communities statewide, across 10 economic development regions. Team RED develops the strategy for regional economic development, business recruitment, workforce development local investments and partnerships. Most importantly, Team RED serves as economic development consultants to businesses, workers, and local units to bring programs, dollars and new ideas to help their economies grow and attract businesses and jobs.

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### OFFICE OF MINORITY ECONOMIC EMPOWERMENT - OMEE

Committed to providing minority-, women-, persons with disabilities and veteran-owned small businesses and entrepreneurs across the state with equitable access to opportunities and resources.

Through dynamic partnerships, targeted outreach, and tailored programs and initiatives, OMEE aims to create an inclusive business ecosystem for communities that have traditionally faced systemic barriers to entry and growth.

<https://www2.illinois.gov/dceo/OMEE/Pages/default.aspx>

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### OMEE-led Initiatives

- **Business Collectives:** coalitions of business-serving community organizations that support the Black/Latinx/Women's business ecosystems and help develop priorities that fill systemic gaps.
- **"Online with OMEE":** biweekly sessions hosted by OMEE team to share best practices, updates on business programs and opportunities available, and answers questions from businesses directly.
- **Advancement of Minority Entrepreneurs (ADME):** Workshop series in partnership with the Illinois Small Business Development Center (SBDC) network to offer a dynamic discussion on a specific business topic.
- **Meet & Greets:** Monthly opportunity to connect with DCEO's Regional Economic Development and OMEE teams and learn about upcoming opportunities that are specific to your region.
- **Cultural and Historic Celebrations:** Opportunity to celebrate communities and tailor programming.
- **Technical Assistance:** Team available to provide individualized support to businesses and connect to resources.
- **OMEE Capital Grants:** (limited to funding availability) Grants for minority-owned businesses for capital and infrastructure projects to grow their business.

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**Economic Development for a Growing Economy (EDGE) Program**

- ✓ Available to for-profit companies looking to expand in, or relocate to, Illinois with potential out-of-state options for projects.
  - Excludes retail, retail food, health or professional services
- ✓ Eligibility criteria:
  - Over 100 world-wide employees: company must invest at least \$2.5 million and create the lesser of 50 new jobs or the equivalent of 10% of global workforce; or
  - 100 or fewer world-wide employees: no minimum investment and company must create the lesser of 50 new jobs or the equivalent of 5% of global workforce.



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**Economic Development for a Growing Economy (EDGE) Program (cont'd)**

- ✓ Eligible for 10 years of credits after a two-year ramp up period.
- ✓ Annual credit equal to:
  - Standard: 50% of withholding taxes and 10% of eligible training costs for new employees
  - Project located in underserved area: 75% of withholding taxes and 10% of eligible training costs for new employees
    - 25% of withholding taxes for retained employees if the project is located in an underserved area if certain statutorily-required evidentiary showing is made
- ✓ Credit is capped by amount of investment and income tax liability, but credit may be carried forward for up to 5 years.

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**Community Development Block Grant (CDBG) – Economic Development**

- ✓ Bridge the financial gap for businesses
- ✓ Ongoing Applications
- ✓ Grant funds can be used for:
  - Infrastructure
  - Machinery & equipment
  - Building construction
  - Working capital
- ✓ \$1 Million Grant Ceiling
  - Funding/Job
    - \$25,000 New Job
    - \$10,000 Retained Jobs
- ✓ 51% Jobs must be filled with LMI persons



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**CDBG – Economic Development**  
 Qualified businesses based on the North American Industry Classification System Code

Sector	Description	Sector	Description
11	Agriculture, Forestry, Fishing and Hunting	53	Real Estate and Rental and Leasing
21	Mining, Quarrying, and Oil and Gas Extraction	54	Professional, Scientific, and Technical Services
23	Construction	55	Management of Companies and Enterprises
31-33	Manufacturing	56	Support, Waste and Remediation Services
42	Wholesale Trade	62	Health Care and Social Assistance
48-49	Transportation and Warehousing	72	Accommodation and Food Services
51	Information	81	Other Services (except Public Administration)
52	Finance & Insurance		

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**CDBG – Economic Development**



Restrictions:

- Servicing/Refinancing Existing Debt
- Anything to do with Marijuana
- Assistance to Professional Sports Teams
- Privately-owned Recreational Facilities
- Gambling/Gaming
- Speculative Purposes

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**Enterprise Zone (EZ) Program**

Designed to encourage investment and job creation in underserved communities through different tax incentives:

- Building Materials Exemption Certificate (BMEC): exemption from State sales taxes on building and construction materials;
- Investment Tax Credit (ITC): 0.5% credit for investments in qualified property;
- Performance-based credits for large scale projects includes State sales tax exemption on purchases of utilities and items consumed during the manufacturing process; and
- Local communities also provide a variety of incentives including property tax abatement, sales tax exemptions and building permit fee waivers.

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**Blue Collar Jobs Act (BCJA) Program**

- ✓ The BCJA Program went live on January 1, 2021.
- ✓ Program provides credit of 50% (or 75% if project located in underserved area) of withholding taxes for construction workers.
- ✓ Credit is available (upon application) to HIB-designated businesses as well as those undertaking at least \$10 million investment in construction that are located in an enterprise zone, river's edge zone or have been approved for EDGE.
  - Annual credits capped at \$20 million per program.



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**Advantage Illinois (AI) Program**

- ✓ AI is a participating loan program which provides funding for loans where borrowers have difficulty accessing traditional funding sources.
  - DCEO takes subordinate position thereby reducing lender risk.
  - Rate for DCEO portion of loan is 2% less than lender's thus helping borrower.
- ✓ DCEO participation is the lesser of:
  - 25% of the project;
  - 50% of the loan; or
  - \$1.5 million
- ✓ At least one (1) FT job must be created or retained for each \$50,000 of DCEO funding.



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**Fund for Advancement of Minority Enterprises (FAME) Program**

- ✓ FAME program is offshoot of AI for loans made to minority-, woman-, disabled-, and veteran-owned businesses
  - Rate for DCEO portion of loan is flat 2%.
- ✓ DCEO participation is the lesser of:
  - 50% of the project;
  - 50% of the loan; or
  - \$400,000.
- ✓ At least one (1) FT job must be created or retained for each \$65,000 of DCEO funding.



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**Workforce Development Tools & Training Dollars**

- ✓ On-the-Job Training: If an employer is willing to train a new full-time employee on the job, financial incentives may be available to offset a portion of eligible individual's wages during the training period.
- ✓ Incumbent Worker Training: Funding available for that training provides new work-related skills and prepares the workers for job upgrades. The federal funds can generally pay for 50% of the total training costs.
- ✓ Youth Work Experience: Businesses serving as a youth experience worksite benefit from student workers at no cost or liability. For ages 16-24.

Learn more about Local Workforce Innovation Area 23 (LWIA) by visiting: <http://lwa23.net/>



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**Apprenticeship Educational Expense Program**

- ✓ Employers are allowed a tax credit for certain educational expenses associated with qualifying apprentices.
  - Qualified educational expenses include tuition, book fees, and lab fees
- ✓ Credit of up to \$3,500 per apprentice
  - An additional \$1,500 if (1) apprentice resides in underserved area or (2) the employer's principal place of business is located in an underserved area.
- ✓ The total tax credits may not exceed \$5 million annually.
  - Allowed on a first-come first-served basis based on the date of application.



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**Research & Development (R&D) Tax Credit**

- ✓ Non-refundable tax credit equal to 6.5% of qualifying research expenditures that exceed the baseline amount.
- ✓ Modeled after the federal R&D tax credit, including the federal definition of qualifying research.
  - Qualified research is defined in IRC section 41(d) and 41(e) and includes the sum of the in-house research expenses, contract research expenses, and basic research payments paid or incurred by the business
- ✓ In 2019, R&D credit extended through December 31, 2026.



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### Angel Tax Incentive Program

- ✓ Encourages investment in innovative, early-stage companies to help them obtain the working capital needed to further their growth in Illinois. Investors in certified companies can apply for a state tax credit equal to 25% of their investment.
- ✓ A total of \$10 million in tax credits are allocated in each calendar year and the program has a \$500,000 set-aside for minority-owned, women-owned or person with a disability-owned startups. Another \$500,000 is set aside for investments made into businesses in rural areas – counties with populations of not more than 250,000. This includes all counties aside from Cook, DuPage, Lake, Will Kane, McHenry, Winnebago, St. Clair and Madison.



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### Minority-Owned Business Capital Grants

As part of DCEO's ongoing commitment to supporting businesses across the state, the department has issued \$11 million in Minority-Owned Business Capital Grants, otherwise known as "OMEE Grants." These grants were distributed to businesses and business incubators across the state, with 20 small businesses and 12 business incubators receiving grant funds.

OMEE Minority-Owned Business Grant Breakdown				OMEE Incubator Grant Award Breakdown			
Minority Status	Total	Percentage	Total Funding	Location	Total	Percentage	Total Funding
African American	16	80%	\$6,629,772.86	Chicago	9	76%	\$2,206,240.00
Latino	3	15%	\$1,490,950.00	South Cook County	1	8%	\$235,000.00
Asian	1	2%	\$194,128.33	Peoria	1	9%	\$250,000.00
<b>Total</b>	<b>20</b>		<b>\$8,324,851.19</b>	Chicagor	1	8%	\$220,070.00
<b>Total</b>	<b>20</b>		<b>\$8,324,851.19</b>	<b>Total</b>	<b>20</b>		<b>\$2,911,310.00</b>



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