



State & Local Tax **Alert**

Breaking state and local tax developments from Grant Thornton LLP

Illinois EDGE Tax Credit Proposals Should Be Submitted by November 10, 2016

The Illinois Economic Development for a Growing Economy (EDGE) Tax Credit is scheduled to sunset on December 31, 2016.¹ No new EDGE agreements may be made after December 31, 2016, but existing agreements will remain in effect. To date, the state of Illinois has not provided any indication that it will renew or enact a replacement for the credit upon expiration. The Illinois Department of Commerce and Economic Opportunity (DCEO), which administers the program, recently has communicated that any company with a project that may qualify for the EDGE Tax Credit should submit a proposal to DCEO no later than November 10, 2016.²

Overview

The EDGE program is designed to attract and retain companies that are considering locating or expanding operations within Illinois.³ The program provides a tax credit based on capital investment and job creation. The credit is equal to a percentage of Illinois state income tax withheld from the new jobs created under the program.⁴ The non-refundable credit can be used to offset corporate income taxes over a period of up to 10 years for each project.⁵

Eligibility Requirements

To participate in the EDGE program, each company must submit a written request for designation of its project⁶ and meet the following requirements:

- The applicant may not be engaged in commerce for the purpose of retail, retail food, health, or professional services.⁷
- The project must be an expansion of an existing operation or the development of a new location.⁸

¹ 35 ILL. COMP. STAT. 10/5-77.

² *E-mail*, Illinois Department of Commerce and Economic Development, Aug. 25, 2016.

³ 35 ILL. COMP. STAT. 10/5-3.

⁴ 35 ILL. COMP. STAT. 10/5-15.

⁵ 35 ILL. COMP. STAT. 10/5-45(a).

⁶ 35 ILL. COMP. STAT. 10/5-20(a).

⁷ 35 ILL. COMP. STAT. 10/5-5.

⁸ *Id.*

Release date

September 2, 2016

States

Illinois

Issue/Topic

Multiple Taxes

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- The applicant must show that if not for the credit, the project would take place in another state.⁹
- The project must commit to make a capital investment of at least \$5 million and create a minimum of 25 new jobs.¹⁰
- For companies with 100 or fewer employees, a capital investment of at least \$1 million is required, while creating a minimum of five new jobs.¹¹
- Alternatively, DCEO may approve projects that involve an investment and job creation level that do not meet these requirements.¹² However, this is solely at the discretion of DCEO.

Commentary

Any companies considering utilizing the EDGE Tax Credit in Illinois should consider the upcoming November 10 deadline in making their decision. Once again, the state has yet to identify a willingness to extend the sunset date of the credit or to introduce a replacement program. Further, it should be noted that although a company may be successful in receiving approval for the program, the state has indicated that it will not certify credits until the longstanding state budget impasse reaches a resolution.¹³ Companies that are granted the EDGE Tax Credit will be expected to maintain their reporting compliance requirements outlined in the agreement.

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⁹ 35 ILL. COMP. STAT. 10/5-25(b).

¹⁰ 35 ILL. COMP. STAT. 10/5-20(b)(1); ILL. ADMIN. CODE tit. 14 § 527.30(c)(1).

¹¹ 35 ILL. COMP. STAT. 10/5-20(b)(3); ILL. ADMIN. CODE tit. 14 § 527.30(c)(2).

¹² 35 ILL. COMP. STAT. 10/5-20(b)(2); ILL. ADMIN. CODE tit. 14 § 527.30(c)(3).

¹³ For further information, see [GT SALT Alert: Illinois Resumes Operation of EDGE and Film Production Incentive Programs, But Tax Credit Payouts Remain Suspended.](#)