



**Illinois**  
**Department of Commerce**  
& Economic Opportunity  
OFFICE OF BUSINESS DEVELOPMENT  
JB Pritzker, Governor

**Apprenticeship Education  
Expense Tax Credit Program  
2020 Annual Report**



**Illinois**  
**Department of Commerce**  
**& Economic Opportunity**

JB Pritzker, Governor

June 28, 2021

Dear Governor Pritzker and Members of the General Assembly:

Public Act No. 101-207 created the Apprenticeship Education Expense Tax Credit Program (the “Program”), effective January 1, 2020. The Program authorizes the Department of Commerce & Economic Opportunity (the “Department”) to issue tax credit certificates to companies that incur educational expenses on behalf of qualified apprentices. As provided for in 35 ILCS 5/229, I am submitting the first annual report summarizing the status of the Program. Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Sylvia I. Garcia".

Sylvia I. Garcia  
Acting Director  
Illinois Department of Commerce & Economic Opportunity

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## 1. Introduction

The Apprenticeship Education Expense Tax Credit Program (the “Program”) is one of the newest business incentives offered by the Illinois Department of Commerce & Economic Opportunity (“DCEO” or the “Department”). This is the first annual report for the program, submitted pursuant to 35 ILCS 5/229. Established by Public Act No. 101-207, the Program is designed to encourage and support the hiring and education of apprentices to meet workforce and training needs now and in the future. The following report details the guidelines and performance of the Program since it went into effect on January 1, 2020 through December 31, 2020.

While there was substantial interest after adoption in 2019 and in early 2020, this new tax credit program was underutilized during calendar year 2020 as a result the COVID-19 pandemic and its impact on companies and hiring patterns. No credit applications were received for the first several months immediately following the emergency declarations made in March 2020. During the fall of 2020, DCEO began a concerted effort to market the program as the economy began to reopen. The Department received and approved a number of tax credit applications beginning in late 2020 for expenditures made during calendar year 2020 as more fully explained in section 3 below.

## 2. Eligibility Requirements

Employers are eligible for a credit of up to \$3,500 per apprentice against the taxes imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act, and an additional credit of up to \$1,500 for each apprentice if (1) the apprentice resides in an underserved area or (2) the employer's principal place of business is located in an underserved area. Employers must apply to the Department for certification. Employers must provide certain supporting information, including but not limited to: (s) the name, age, and taxpayer identification number of each qualifying apprentice employed by the taxpaying company; (b) the amount of qualified education expenses incurred with respect to each qualifying apprentice, including supporting documentation; and the name of the school at which the qualifying apprentice is enrolled and the qualified education expenses are incurred. Based on application materials submitted and other due diligence conducted by DCEO, the Department is authorized to issue tax credit certificates upon approval by the Department’s Director.

A qualifying apprentice must be: (a) an Illinois resident; (b) at least 16 at the close of the school year for which a credit is sought; (c) a full-time apprentice enrolled in an apprenticeship program registered with U.S. Department of Labor (USDOL), Office of Apprenticeship during the school year; and (d) employed in Illinois by the taxpaying company. Qualified educational expenses include tuition, book fees, and lab fees. A qualified school means any Illinois public or nonpublic secondary school that is: (a) an institution of higher education providing a program that leads to an industry-recognized postsecondary credential or degree; (b) an entity that carrying out programs registered under the federal National Apprenticeship Act; or (c) another public or private provider of a program of training services, which may include a joint labor-management organization.

## 3. Apprenticeship Education Expense Program Summary

The Department received and approved 11 applications for apprenticeship education expense tax credits for educational expenses incurred by those 11 companies during calendar year 2020. These companies incurred \$86,337.87 in educational expenses, at an average of \$2,427.24 per apprentice, and received \$81,427.79 in tax credits associated with the education of 32 apprentices. Of those 32 apprentices, six (6) or 18.75% of those apprentices either worked or resided in an

underserved area. The table below provides the statutorily-required breakdown of tax credits issued for applicant expenditures on qualified educational expenses during Calendar Year 2020:

**Calendar Year 2020 Tax Credit Certificates Issued**

<b>Company</b>	<b>NAICS Code</b>	<b>No. of Apprentices</b>	<b>Underserved Area (Y/N)</b>	<b>Total Educ. Expenses</b>	<b>Amount of Credit</b>	<b>Avg. Expenses per Apprentice</b>
North American Lighting Inc.	336320	5	Y	\$19,167.59	\$17,472.31	\$3,833.52
Litania Sports Group	339920	1	1	\$2,636.82	\$2,636.82	\$2,636.82
Chicago Plastic Systems, Inc.	326199	1	N	\$2,344.77	\$2,344.77	\$2,344.77
Kiene Diesel Accessories, inc.	333517 334519 334513	1	N	\$2,396.54	\$2,396.54	\$2,396.54
Kenmode Tool & Engineering, Inc.	332119	4	N	\$5,243.05	\$5,243.05	\$1,310.76
Silgan White Cap Corporation	326199	1	N	\$2,674.81	\$2,252.31	\$2,674.81
Condy Holdings LLC dba Carus LLC	325180	1	N	\$6,167.30	\$3,500.00	\$6,167.30
Sonoco TEQ LLC dba TEQ	326199	3	N	\$4,907.40	\$4,907.40	\$1,635.80
HydraForce, Inc.	332912	12	N	\$34,500.00	\$34,500.00	\$2,875.00
Domeny Tool & Stamping Company	332116	1	N	\$2,456.76	\$2,331.76	\$2,456.76
Terra Cotta Holdings LLC dba TC Industries, Inc.	332811	2	N	\$3,842.83	\$3,842.83	\$1,921.42
	<b><u>Totals</u></b>	<b><u>32</u></b>	<b><u>6</u></b>	<b><u>\$86,337.87</u></b>	<b><u>\$81,427.79</u></b>	<b><u>\$2,427.24</u></b>