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JB Pritzker
Governor

David Harris
Director

STATE OF ILLINOIS
DEPARTMENT OF REVENUE

MEMORANDUM

To: The Honorable Don Harmon
Senate President

The Honorable Emanuel "Chris" Welch
Speaker of the House

The Honorable Dan McConchie
Senate Republican Leader

The Honorable Jim Durkin
House Republican Leader

From: David Harris, Director
Department of Revenue

Date: September 30, 2021

RE: Unified Economic Development Budget

Pursuant to the Corporate Accountability for Tax Expenditures Act, the Department of Revenue is submitting the annual Unified Economic Development Budget (UEDB), as found in 20 ILCS 715/10.

Public Act 100-0721 revised the reporting requirements for tax incentives under 20 ILCS 715/10. These changes allow the Department of Revenue more time to collect and process tax returns before publishing this report, which will result in a more accurate and complete accounting of uncollected or diverted state tax revenues. Therefore, UEDBs published under these new requirements are not strictly comparable to reports published prior to 2018. Tax incentive amounts reported in this year's UEDB are derived from tax returns for tax year 2018, while state development assistance amounts pertain to fiscal year 2021.

The following information is provided to aid in the interpretation of this revised report:

- 1) To the extent possible, tax credit amounts reflect actual reductions in state tax revenues.
- 2) Subtractions reduce income that is subject to tax rather than tax liability. The amounts reported reflect Illinois-apportioned reductions in income, not reductions in tax liability. Subtractions are presented in this manner because pass-through entities have no direct income tax liability.
- 3) The appropriated spending costs for the Department of Commerce and Economic Opportunity (DCEO) and Department of Transportation (DOT) incentives were provided by DCEO and DOT, respectively, and represent actual amounts obligated during fiscal year 2021. The loans issued by the Treasurer represent amounts issued under the Agricultural Investment Programs during fiscal year 2021.

Tax Incentives and State Development Assistance

Tax Incentives for Tax Year 2018

CREDITS APPLIED AGAINST INCOME TAX LIABILITY

<i>Form IL-1120, Corporation Income and Replacement Tax Return</i>	<u>Taxpayers</u>	<u>Amounts</u>
TECH-PREP Youth Vocational Credit	0	\$ -
Film Production Services Credit	35	\$ 75,507,103
Enterprise Zone Investment Credit	728	\$ 6,864,765
High Impact Business Investment Credit	13	\$ 1,671
EDGE Credit	319	\$ 68,771,309
Research and Development Expense Credit	1,008	\$ 33,590,597
Angel Investment Credit	*	*
River Edge Historic Preservation Credit	*	*
<i>Form IL-1041, Fiduciary Income and Replacement Tax Return</i>	<u>Taxpayers</u>	<u>Amounts</u>
TECH-PREP Youth Vocational Credit	0	\$ -
Film Production Services Credit	*	*
Enterprise Zone Investment Credit	319	\$ 46,932
High Impact Business Investment Credit	17	\$ 5,179
EDGE Credit	330	\$ 6,476,374
Research and Development Expense Credit	469	\$ 688,925
Angel Investment Credit	123	\$ 137,191
River Edge Historic Preservation Credit	0	\$ -
<i>Form IL-990-T, Exempt Organization Income and Replacement Tax Return</i>	<u>Taxpayers</u>	<u>Amounts</u>
TECH-PREP Youth Vocational Credit	0	\$ -
Film Production Services Credit	0	\$ -
Enterprise Zone Investment Credit	0	\$ -
High Impact Business Investment Credit	0	\$ -
EDGE Credit	0	\$ -
Research and Development Expense Credit	*	*
Angel Investment Credit	0	\$ -
River Edge Historic Preservation Credit	0	\$ -
<i>Form IL-1040, Individual Income Tax Return</i>	<u>Taxpayers</u>	<u>Amounts</u>
TECH-PREP Youth Vocational Credit	10	\$ 2,447
Film Production Services Credit	60	\$ 2,845,945
High Impact Business Investment Credit	10	\$ 35,148
Enterprise Zone Investment Credit	1,126	\$ 1,131,669
EDGE Tax Credit ¹	1,305	\$ 24,576,314
Research and Development Expense Credit	3,720	\$ 20,859,939
Angel Investment Credit	668	\$ 7,439,666
River Edge Historic Preservation Credit	15	\$ 3,553,004
	<u>Taxpayers</u>	<u>Amounts</u>
<i>Total Credits Excluded from Above to Protect Taxpayer Privacy</i>	18	\$ 2,006,735

* Pursuant to the Illinois Income Tax Act, information withheld to protect taxpayer confidentiality as the number of taxpayers is below our disclosure threshold.

¹ EDGE Credit "Amounts" include amounts from form IL-941 applied against withholding liability.

SUBTRACTIONS²

Form IL-1120, Corporation Income and Replacement Tax Return

	<u>Taxpayers</u>	<u>Amounts</u>
River Edge Redevelopment Zone Dividend Subtraction	0	\$ -
River Edge Redevelopment Zone Interest Subtraction	0	\$ -
High Impact Business Dividend Subtraction	25	\$ 4,210,936
High Impact Business Interest Subtraction	0	\$ -
Contribution Subtraction	*	*

Form IL-1041, Fiduciary Income and Replacement Tax Return

	<u>Taxpayers</u>	<u>Amounts</u>
River Edge Redevelopment Zone Dividend Subtraction	0	\$ -
High Impact Business Dividend Subtraction	2,591	\$ 10,200,370

Form IL-1040, Individual Income Tax Return

	<u>Taxpayers</u>	<u>Amounts</u>
River Edge Redevelopment Zone Dividend Subtraction	2,883	\$ 28,829,776
High Impact Business Dividend Subtraction	24,405	\$ 207,278,104

Form IL-1065, Partnership Replacement Tax Return

	<u>Taxpayers</u>	<u>Amounts</u>
River Edge Redevelopment Zone Dividend Subtraction	0	\$ -
High Impact Business Dividend Subtraction	197	\$ 2,944,060

Form IL-1120-ST, Small Business Corporation Replacement Tax Return

	<u>Taxpayers</u>	<u>Amounts</u>
River Edge Redevelopment Zone Dividend Subtraction	*	*
River Edge Redevelopment Zone Interest Subtraction	0	\$ -
Contribution Subtraction	*	*
High Impact Business Dividend Subtraction	48	\$ 538,708
High Impact Business Interest Subtraction	0	\$ -

	<u>Taxpayers</u>	<u>Amounts</u>
Total Subtractions Excluded from Above to Protect Taxpayer Privacy	11	\$ 23,596

* Pursuant to the Illinois Income Tax Act, information withheld to protect taxpayer confidentiality as the number of taxpayers is below our disclosure threshold.

² The figures in the "Amounts" column for SUBTRACTIONS reflect reductions in income after apportionment, not reductions in tax liability.

State Development Assistance for Fiscal Year 2021

APPROPRIATED SPENDING³

	<u>Amounts</u>
<u>Department of Commerce and Economic Opportunity</u>	
Program Type	
Business Development Public Infrastructure Grants	\$ -
Illinois ETIP/IP Incentive Grants	\$ 1,425,000
Large Business Development Grants	\$ -
<u>Department of Transportation</u>	
Program Type	
Economic Development Program	\$ 5,648,943

LOANS³

<u>Illinois Treasurer</u>	
Program Type	
Annual Agriculture Investment Program	\$ 89,773,500
Long Term Agriculture Investment Program	\$ 414,125
COVID-19 Relief Fund	\$ 59,360,000

³ This information is provided by the respective agencies.

"Development assistance" means (1) tax credits and tax exemptions (other than given under tax increment financing) given as an incentive to a recipient business organization pursuant to an initial certification or an initial designation made by the Department under the Economic Development for a Growing Economy Tax Credit Act, River Edge Redevelopment Zone Act, and the Illinois Enterprise Zone Act, including the High Impact Business program, (2) grants or loans given to a recipient as an incentive to a business organization pursuant to the River Edge Redevelopment Zone Act, Large Business Development Program, the Business Development Public Infrastructure Program, or the Industrial Training Program, (3) the State Treasurer's Economic Program Loans, (4) the Illinois Department of Transportation Economic Development Program, and (5) all successor and subsequent programs and tax credits designed to promote large business relocations and expansions. [20 ILCS 715/5]