

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

PART 120  
MANUFACTURING ILLINOIS CHIPS FOR REAL OPPORTUNITY (MICRO) ACT

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AUTHORITY: Implementing and authorized by the Manufacturing Illinois Chips for Real Opportunity (MICRO) Act [35 ILCS 45/110-15] and Section 605-55 of the Department of Commerce and Economic Opportunity Law [20 ILCS 605].

SOURCE: Adopted at 48 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

SUBPART A: ADMINISTRATIVE REQUIREMENTS

**Section 120.10 Purpose**

44  
45 *It is the intent of the General Assembly that Illinois should lead the nation in production of*  
46 *semiconductors and microchips as they become even more prevalent in everyday life. The*  
47 *General Assembly finds that, through investments in semiconductors and microchips, Illinois will*  
48 *be on the forefront of reshoring semiconductor and microchip production that fuels modern*  
49 *technologies that are essential to the operation of computers, phones, vehicles and any electric*  
50 *product that have become essential to modern life. This Act will create good paying jobs, and*  
51 *generate long-term economic investment in the Illinois business economy, in addition to ensuring*  
52 *a vital product is made in the United States. Illinois must aggressively adopt new business*  
53 *development investment tools so that Illinois can compete with domestic and foreign competitors*  
54 *for semiconductor and chip manufacturing. [35 ILCS 45/110-5]*  
55

56 **Section 120.20 Definitions**

57  
58 The following definitions are applicable to this Part.

59  
60 "Act" means the Manufacturing Illinois Chips for Real Opportunity (MICRO) Act  
61 [35 ILCS 45/110].  
62

63 "*Agreement*" means the agreement between a taxpayer and the Department under  
64 the provisions of the Act.  
65

66 "*Applicant*" means a taxpayer that:  
67

68 *operates a business in Illinois as a semiconductor manufacturer, a*  
69 *microchip manufacturer, or a manufacturer of semiconductor or*  
70 *microchip component parts; or*  
71

72 *is planning to locate a business within the State of Illinois as a*  
73 *semiconductor manufacturer, a microchip manufacturer, or a*  
74 *manufacturer of semiconductor or microchip component parts.*  
75

76 "*Applicant*" does not include a taxpayer who closes or substantially reduces  
77 by more than 50% operations at one location in the State and relocates  
78 substantially the same operation to another location in the State. This does  
79 not prohibit a Taxpayer from expanding its operations at another location in  
80 the State. This also does not prohibit a Taxpayer from moving its operations  
81 from one location in the State to another location in the State for the purpose  
82 of expanding the operation, provided that the Department determines that  
83 expansion cannot reasonably be accommodated within the municipality or  
84 county in which the business is located, or, in the case of a business located in  
85 an incorporated area of the county, within the county in which the business is  
86 located, after conferring with the chief elected official of the municipality or

87 *county and taking into consideration any evidence offered by the municipality*  
88 *or county regarding the ability to accommodate expansion within the*  
89 *municipality or county.*

90  
91 *"Capital improvements" means the purchase, renovation, rehabilitation, or*  
92 *construction of permanent tangible land, buildings, structures, equipment, and*  
93 *furnishings in an approved project sited in Illinois and expenditures for goods or*  
94 *services that are normally capitalized, including organizational costs and*  
95 *research and development costs incurred in Illinois. For land, buildings,*  
96 *structures, and equipment that are leased, the lease must equal or exceed the term*  
97 *of the agreement, and the cost of the property shall be determined from the*  
98 *present value, using the corporate interest rate prevailing at the time of the*  
99 *application, of the lease payments.*

100  
101 *"Compensation" means compensation as defined in Section 1501(a)(3) of the*  
102 *Income Tax Act. [35 ILCS 5/1501(a)(3)]*

103  
104 *"Credit" or "MICRO credit" means a credit agreed to between the Department*  
105 *and applicant under the Act.*

106  
107 *"Department" means the Department of Commerce and Economic Opportunity.*

108  
109 *"Director" means the Director of Commerce and Economic Opportunity.*

110  
111 *"Energy Transition Area" means a county with less than 100,000 people or a*  
112 *municipality that contains one or more of the following:*

113  
114 *a fossil fuel plant that was retired from service or has significant reduced*  
115 *service within 6 years before the time of the application or will be retired*  
116 *or have service significantly reduced within 6 years following the time of*  
117 *the application; or*

118  
119 *a coal mine that was closed or had operations significantly reduced within*  
120 *6 years before the time of the application or is anticipated to be closed or*  
121 *have operations significantly reduced within 6 years following the time of*  
122 *the application.*

123  
124 *"Full-time employee" means an individual who is employed for consideration for*  
125 *at least 35 hours each week or who renders any other standard of service*  
126 *generally accepted by industry custom or practice as full-time employment.*  
127 *Annually scheduled periods for inventory or repairs, vacations, holidays and paid*  
128 *time for sick leave, vacation or other leave shall be included in this computation*  
129 *of full-time employment. An individual for whom a W-2 is issued by a*

130 *Professional Employer Organization (PEO) is a full-time employee if employed in*  
131 *the service of the applicant for consideration for at least 35 hours each week.*

132  
133 *"Incremental income tax" means the total amount withheld during the taxable*  
134 *year from the compensation of new employees and, if applicable, retained*  
135 *employees under Article 7 of the Illinois Income Tax Act [35 ILCS 5/70] arising*  
136 *from employment at a project that is the subject of an agreement.*

137  
138 *"Institution of higher education" or "institution" means any accredited public or*  
139 *private university, college, community college, business, technical, or vocational*  
140 *school, or other accredited educational institution offering degrees and*  
141 *instruction beyond the secondary school level.*

142  
143 *"Local workforce investment area" means a single county or multiple counties*  
144 *designated by the Governor, which allows for the receipt of an allotment of funds*  
145 *under Sections 127(b) or 132(b) of the Workforce Innovation and Opportunity*  
146 *Act, (P.L. 113 through 128 (2014)) (WIOA), with considerations consisting of the*  
147 *extent to which the areas:*

148  
149 *are consistent with labor market areas in the State;*

150  
151 *are consistent with regional economic development areas in the State; and*

152  
153 *have available the federal and non-federal resources necessary to*  
154 *effectively administer activities under subtitle B and other applicable*  
155 *provisions of WIOA,*

156  
157 *including whether the areas have the appropriate education and training*  
158 *providers, such as institutions of higher education and area career and*  
159 *technical education schools.*

160  
161 *"MICRO construction jobs credit" means a credit agreed to between the*  
162 *Department and the applicant under the Act that is based on the incremental*  
163 *income tax attributable to construction wages paid in connection with*  
164 *construction of the project facilities.*

165  
166 *"MICRO credit" means a credit agreed to between the Department and the*  
167 *applicant under the Act that is based on the incremental income tax attributable*  
168 *to new employees and, if applicable, retained employees, and on training costs for*  
169 *such employees at the applicant's project.*

170

171 *"Microchip" means a wafer of semiconducting material that is less than 15*  
172 *millimeters long and less than 5 millimeters wide and is used to make an*  
173 *integrated circuit.*

174  
175 *"Microchip manufacturer" means a new or existing manufacturer that is focused*  
176 *on reequipping, expanding, or establishing a manufacturing facility in Illinois*  
177 *that produces microchips or key components that directly support the functions of*  
178 *microchips.*

179  
180 *"Minority person" means a minority person as defined in the Business Enterprise*  
181 *for Minorities, Women, and Persons with Disabilities Act [30 ILCS 575/0.01].*

182  
183 *"New employee" means a newly-hired full-time employee employed to work at the*  
184 *project site and whose work is directly related to the project.*

185  
186 The term "New Employee" does not include:

187  
188 an employee of the taxpayer who performs a job that was  
189 previously performed by another employee, if that job existed for  
190 at least 6 months before hiring the employee;

191  
192 an employee of the taxpayer who was previously employed in  
193 Illinois by a related member of the taxpayer and whose  
194 employment was shifted to the taxpayer after the taxpayer entered  
195 into the tax credit agreement or;

196  
197 any individual who has a direct or an indirect ownership interest of  
198 at least 5% in the profits, equity, capital, or value of the taxpayer or  
199 a child, grandchild, parent, or spouse, other than a spouse who is  
200 legally separated from the individual, of any individual who has a  
201 direct or an indirect ownership interest of at least 5% in the profits,  
202 equity, capital, or value of the taxpayer.

203  
204 *"Noncompliance date" means, in the case of a taxpayer that is not complying with*  
205 *the requirements of the agreement or the provisions of the Act, the day following*  
206 *the last date upon which the taxpayer was in compliance with the requirements of*  
207 *the agreement and the provisions of the Act, as determined by the Director.*

208  
209 *"Pass-through entity" means an entity that is exempt from the tax under*  
210 *subsection (b) or (c) of Section 205 of the Illinois Income Tax Act [35 ILCS*  
211 *5/205].*

212

213 *"Placed in service" means the state or condition of readiness, availability for a*  
214 *specifically assigned function, and the facility is constructed and ready to conduct*  
215 *its facility operations to manufacture goods.*

216  
217 *"Professional employer organization" or "PEO" means an employee leasing*  
218 *company that is an individual or entity contracting with a client to supply or*  
219 *assume responsibility for personnel management of one or more workers to*  
220 *perform services for the client on an on-going basis rather than under a temporary*  
221 *help arrangement, as defined in Section 206.1 of the Illinois Unemployment*  
222 *Insurance Act.*

223  
224 *"Program" means the Manufacturing Illinois Chips for Real Opportunity*  
225 *(MICRO) program established in the Act.*

226  
227 *"Project" means a for-profit economic development activity for the manufacture*  
228 *of semiconductors and microchips.*

229  
230 *"Project costs" includes cost of the project incurred or to be incurred by the*  
231 *taxpayer including: capital investment, including, but not limited to, equipment,*  
232 *buildings, or land; infrastructure development; debt service, except refinancing of*  
233 *current debt; research and development; job training and education; lease costs or*  
234 *relocation costs, but excludes the value of State incentives, including*  
235 *discretionary tax credits, discretionary job training grants, or the interest savings*  
236 *of below market rate loans.*

237  
238 *"Related member" means a person that, with respect to the taxpayer during any*  
239 *portion of the taxable year, is any one of the following:*

240  
241 *An individual stockholder, if the stockholder and the members of the*  
242 *stockholder's family (as defined in Section 318 of the Internal Revenue*  
243 *Code) own directly, indirectly, beneficially, or constructively, in the*  
244 *aggregate, at least 50% of the value of the taxpayer's outstanding stock.*

245  
246 *Partnership, estate, trust and any partner or beneficiary, if the*  
247 *partnership, estate, or trust, and its partners or beneficiaries own directly,*  
248 *indirectly, beneficially, or constructively, in the aggregate, at least 50% of*  
249 *the profits, capital, stock, or value of the taxpayer.*

250  
251 *A corporation, and any party related to the corporation in a manner that*  
252 *would require an attribution of stock from the corporation under the*  
253 *attribution rules of Section 318 of the Internal Revenue Code, if the*  
254 *Taxpayer owns directly, indirectly, beneficially, or constructively at least*  
255 *50% of the value of the corporation's outstanding stock.*

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

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

*"Retained employee" means a full-time employee employed by the taxpayer prior to the term of the Agreement who continues to be employed during the term of the agreement whose job duties are directly and substantially related to the project. For purposes of this definition, "directly and substantially related to the project" means at least two-thirds of the employee's job duties must be directly related to the project and the employee must devote at least two-thirds of his or her time to the project. The term "retained employee" does not include any individual who has a direct or an indirect ownership interest of at least 5% in the profits, equity, capital, or value of the taxpayer or a child, grandchild, parent, or spouse, other than a spouse who is legally separated from the individual, of any individual who has a direct or indirect ownership of at least 5% in the profits, equity, capital, or value of the taxpayer.*

*"Semiconductor" means any class of crystalline solids intermediate in electrical conductivity between a conductor and an insulator.*

*"Semiconductor manufacturer" means a new or existing manufacturer that is focused on reequipping, expanding, or establishing a manufacturing facility in Illinois that produces semiconductors or key components that directly support the functions of semiconductors.*

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

*"Taxpayer" means an individual, corporation, partnership, or other entity that has a legal obligation to pay Illinois income taxes and file an Illinois income tax return.*

299 *"Training costs" means costs incurred to upgrade the technological skills of full-*  
300 *time employees in Illinois and includes: curriculum development; training*  
301 *materials (including scrap product costs); trainee domestic travel expenses;*  
302 *instructor costs (including wages, fringe benefits, tuition and domestic travel*  
303 *expenses); rent, purchase or lease of training equipment; and other usual and*  
304 *customary training costs. "Training costs" do not include costs associated with*  
305 *travel outside the United States (unless the taxpayer receives prior written*  
306 *approval for the travel by the Director based on a showing of substantial need or*  
307 *other proof the training is not reasonably available within the United States),*  
308 *wages and fringe benefits of employees during periods of training, or*  
309 *administrative cost related to full-time employees of the taxpayer.*

310  
311 *"Underserved area" means any geographic areas as defined in Section 5-5 of the*  
312 *Economic Development for a Growing Economy Tax Credit Act [35 ILCS 10/5-*  
313 *5].*

314  
315 **SUBPART B: TAX CREDITS**

316  
317 **Section 120.30 Eligibility Determination**

- 318  
319 a) *Any taxpayer that:*
- 320  
321 1) *operates a business in Illinois as a semiconductor manufacturer, a*  
322 *microchip manufacturer, or a manufacturer of semiconductor or*  
323 *microchip component parts; or*
- 324  
325 2) *is planning to locate a business within the State of Illinois as a*  
326 *semiconductor manufacturer, a microchip manufacturer, or a*  
327 *manufacturer of semiconductor or microchip component parts.*
- 328  
329 b) *In order to qualify for credits under the MICRO Program, an applicant must:*
- 330  
331 1) *for a semiconductor manufacturer or microchip manufacturer:*
- 332  
333 A) *make an investment of at least \$1,500,000,000 in capital*  
334 *improvements at the project site;*
- 335  
336 B) *to be placed in service within the State within a 60-month period*  
337 *after approval of the application; and*
- 338  
339 C) *create at least 500 new full-time employee jobs; or*
- 340  
341 2) *for a semiconductor or microchip component parts manufacturer:*



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383
- A) *make an investment of at least \$300,000,000 in capital improvements at the project site;*
  - B) *manufacture one or more parts that are primarily used for the manufacture of semiconductors or microchips;*
  - C) *to be placed in service within the State within a 60-month period after approval of the application; and*
  - D) *create at least 150 new full-time employee jobs; or*
- 3) *for a semiconductor manufacturer or microchip manufacturer or a semiconductor or microchip component parts manufacturer that does not qualify:*
- A) *make an investment of at least \$20,000,000 in capital improvements at the project site;*
  - B) *to be placed in service within the State within a 48-month period after approval of the application; and*
  - C) *create at least 50 new full-time employee jobs; or*
- 4) *for a semiconductor manufacturer or microchip manufacturer or a semiconductor or microchip component parts manufacturer with existing operations within Illinois that intends to convert or expand, in whole or in part, the existing facility from traditional manufacturing to a semiconductor manufacturing or microchip manufacturing or semiconductor or microchip component parts manufacturing:*
- A) *make an investment of at least \$100,000,000 in capital improvements at the project site;*
  - B) *to be placed in service within the State within a 60-month period after approval of the application; and*
  - C) *create the lesser of 75 new full-time employee jobs or new full-time employee jobs equivalent to 10% of the statewide baseline applicable to the taxpayer and any related member at the time of application.*

- 384 c) *For any applicant creating the full-time employee jobs noted in subsection (b),*  
 385 *applicants shall receive credit for those jobs with compensation equal to or*  
 386 *greater than 120% of the average wage paid to full-time employees in a similar*  
 387 *position within an occupational group in the county where the project is located,*  
 388 *and the Department shall utilize the occupational group data provided by the U.S.*  
 389 *Bureau of Labor Statistics, the Illinois Department of Employment Security, or*  
 390 *other reliable date source.*
- 391
- 392 d) *Not have entered into another agreement under the Act with respect to a single*  
 393 *address or location for the same period of time. Also, a taxpayer may not enter*  
 394 *into an agreement under the Act with respect to a single address or location for*  
 395 *the same period of time for which the taxpayer currently holds an active*  
 396 *agreement under the Economic Development for a Growing Economy Tax Credit*  
 397 *Act [35 ILCS 10/5-1] unless:*
- 398
- 399 1) *The previous agreement under this Act or EDGE expired or was*  
 400 *voluntarily terminated to the extent that the taxpayer's application*  
 401 *otherwise satisfies the terms and conditions of the Act and is approved by*  
 402 *the Department.*
- 403
- 404 2) *The provision in subsection (d) does not preclude the applicant from*  
 405 *entering into an additional agreement after the expiration or voluntary*  
 406 *termination of an earlier agreement under the Act or under the Economic*  
 407 *Development for a Growing Economy Tax Credit Act to the extent that the*  
 408 *taxpayer's application otherwise satisfies the terms and conditions of the*  
 409 *Act and is approved by the Department. An applicant with an existing*  
 410 *agreement under the Economic Development for a Growing Economy Tax*  
 411 *Credit Act may submit an application for an agreement under the Act*  
 412 *after it terminates any existing agreement under.*
- 413
- 414 e) *A taxpayer is not entitled to claim a credit provided by the Act with respect to any*  
 415 *jobs that the taxpayer relocates from one site in Illinois to another site in Illinois.*  
 416 *Any full-time employee relocated to Illinois in connection with a qualifying*  
 417 *project is deemed to be a new employee for purposes of the Act. Determinations*  
 418 *under this Section shall be made by the Department. [35 ILCS 45/110-35]*
- 419

420 **Section 120.40 Form of Application**

- 421
- 422 a) Applications will be accepted at any time during the year. An application should  
 423 be submitted on the standard application form provided by the Department and  
 424 posted to the Department's website.  
 425 ([https://dceo.illinois.gov/content/dam/soi/en/web/dceo/businesshelp/micro/micro-](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/businesshelp/micro/micro-application.pdf)  
 426 [application.pdf](https://dceo.illinois.gov/content/dam/soi/en/web/dceo/businesshelp/micro/micro-application.pdf)) Submittal of an application does not commit the Department to

427 award assistance or to pay any costs incurred by the applicant in the preparation  
428 of an application.

429  
430 b) *Any taxpayer planning a project to be located in Illinois may request*  
431 *consideration for designation of its project as a MICRO project, by application to*  
432 *the Department, in which the applicant states its intent to make at least a*  
433 *specified level of investment and intends to hire a specified number of full-time*  
434 *employees at a designated location in Illinois.*

435  
436 c) Written applications will be required and must be submitted on the standard  
437 application form provided by the Department. Applications shall be submitted to  
438 the designated Department email address specified on the Department website  
439 (CEO.MICRO@illinois.gov) and also identified on the application form. There is  
440 no application fee and the application shall include:

441  
442 1) Application Cover Page – containing name, address, and telephone  
443 number of applicant; key contact and title; total number of new employees  
444 to be hired, and when applicable, the number of full-time employees to be  
445 retained; company Federal Employer Identification Number (F.E.I.N.);  
446 Standard Industrial Code (S.I.C.); if available, Illinois Unemployment  
447 Insurance Account Code; State Senate District number; State  
448 Representative District number; authorized signatures; and related  
449 information.

450  
451 2) Project Summary – *a detailed description of the project that is to be the*  
452 *subject of the agreement.* [35 ILCS 45/110-45(a)(1)]

453  
454 3) Site Map – an outline of the general location of the project on a site map,  
455 including the location of any flood plain areas and wetland areas.

456  
457 4) Jobs Impact – *a detailed description of the number of new employees to be*  
458 *hired, and the occupation and payroll of the full-time jobs to be created or*  
459 *retained as a result of the project, and a schedule of anticipated starting*  
460 *dates of the new hires. In addition, the applicant must provide the total*  
461 *number of full-time employees employed by the applicant and any related*  
462 *member, subsidiary, parent, or sister company in the State of Illinois at the*  
463 *time of the application. If the applicant seeks a credit with respect to*  
464 *retained employees, the application shall include the occupation and*  
465 *payroll of the full-time employees to be retained because of the project.*  
466 [35 ILCS 45/110-45(a)(9)].

467  
468 5) Capital Improvements Planned – a detailed description of *the minimum*  
469 *investment the taxpayer will make in capital improvements, the time*

470 *period for placing the property in service, and the designated location in*  
 471 *Illinois for the investment. This shall include but not be limited to a*  
 472 *description (or specifications or lists) of the planned capital improvements*  
 473 *demonstrating the investment is qualified; documentation to substantiate*  
 474 *the value of the investment (value of capital improvements as provided by*  
 475 *appraisers, vendors, contractors and/or architects and engineers); and a*  
 476 *schedule regarding when the eligible investment will be placed in service.*  
 477 *[35 ILCS 45/110-(a)(10)]*  
 478

- 479 6) Total Project Costs – a detailed description of the total project cost.
- 480
- 481 7) Statewide Baseline – a detailed description of full-time employees of the
- 482 applicant and any related members employed by such entities at the time
- 483 of the application. The information provided for the current full-time
- 484 employees shall include the following: name, position title, occupation
- 485 code, date of hire, and facility address.
- 486
- 487 8) Hiring plan – a detailed description of applicant's *hiring plan and*
- 488 *commitment to recruit and hire full-time employee positions at the project*
- 489 *site. The hiring plan may include a partnership with an institution of*
- 490 *higher education to provide internships, including, but not limited to,*
- 491 *internships supported by the Clean Jobs Workforce Network Program, or*
- 492 *full-time permanent employment for students at the project site.*
- 493 *Additionally, the applicant may create or utilize participants from*
- 494 *apprenticeship programs that are approved by and registered with the*
- 495 *United States Department of Labor's Bureau of Apprenticeship and*
- 496 *Training. The Applicant may apply for apprenticeship education expense*
- 497 *credits in accordance with the provisions set forth in 14 Ill. Admin. Code*
- 498 *522. Each applicant is required to report annually, on or before April 15,*
- 499 *on the diversity of its workforce in accordance with Section 110-50 of the*
- 500 *Act [35 ILCS 45/110-50]. For existing facilities of applicants under*
- 501 *Section 120.30(b)(3), if the taxpayer expects a reduction in force due to its*
- 502 *transition to manufacturing semiconductors, microchips, or*
- 503 *semiconductor or microchip component parts, the plan submitted under*
- 504 *this Section must outline the taxpayer's plan to assist with retraining its*
- 505 *workforce aligned with the taxpayer's adoption of new technologies and*
- 506 *anticipated efforts to retrain employees through employment opportunities*
- 507 *within the taxpayer's workforce.*
- 508
- 509 9) Financial Statement – a balance sheet and a profit and loss statement of
- 510 the taxpayer for the last two years.
- 511

- 512 10) Other Provisions – any other provisions or information the Department  
513 determines is necessary to evaluate the applicant's eligibility under the Act  
514 and if the criteria established in Section 120.30 are met.  
515
- 516 d) The applicant is responsible for the accuracy of all data, information and  
517 documentation included in its application. Once submitted, applications shall  
518 become the property of the Department and subject to the provisions and  
519 exemptions of the Freedom of Information Act [5 ILCS 140].  
520

521 **Section 120.50 Application Review**  
522

- 523 a) Prior to substantive evaluation of an application, the Department shall screen all  
524 applications to determine that all requirements of the application package, as  
525 described in Section 120.40, have been addressed. Applicants will be notified of  
526 deficiencies in applications and given an opportunity to correct those deficiencies  
527 through submission of additional documentation.  
528
- 529 b) In evaluating applications, the Department shall evaluate and confirm if all of the  
530 criteria in subsections (b)(1) through (4) of this Section are met. If the applicant  
531 demonstrates that all criteria are met, the Department will notify the applicant by  
532 electronic mail that the application was accepted. If the applicant cannot  
533 demonstrate that all four conditions exist, the application should be denied and  
534 notification to the applicant provided in accordance with Section 120.60.  
535
- 536 1) *the applicant intends to make the required investment in the State and*  
537 *intends to hire the required number of full-time employees;*  
538
- 539 2) *the applicant's project is economically sound and will benefit the people of*  
540 *the State by increasing opportunities for employment and strengthen the*  
541 *economy of the State;*  
542
- 543 3) *awarding the credit will result in an overall positive fiscal impact to the*  
544 *State, as certified by the Department using the best available data; and*  
545
- 546 4) *the credit is not prohibited under the Act. [35 ILCS 45/110-25]*  
547

548 **Section 120.60 Application Denial/Approval**  
549

- 550 a) Applicants shall be notified in writing as to the Department's evaluation of all  
551 completed applications. If the Department denies an application for the credit, it  
552 will specify the reasons for the denial in writing and allow the applicant 30 days  
553 to amend and resubmit its application for evaluation. If the applicant disagrees  
554 with the Department's decision it may seek relief through the process afforded in

555 the Department's Administrative Hearing Rules set forth at 56 Ill. Adm. Code  
 556 2605.

557  
 558 b) For applications accepted by the Department, the Department will send a  
 559 notification by e-mail to the applicant. The Department will proceed to negotiate  
 560 a formal agreement with the applicants determined to be eligible for award of a  
 561 credit.

562  
 563 **Section 120.70 Tax Credit Award**

564  
 565 Subject to the conditions set forth in the Act, a taxpayer is entitled to a credit against the tax  
 566 imposed pursuant to subsections (a) and (b) of Section 201 of the Illinois Income Tax Act [35  
 567 ILCS 5/201] *for a taxable year beginning on or after January 1, 2025 if the taxpayer is awarded*  
 568 *a credit by the Department in accordance with an agreement under the Act. The Department*  
 569 *has authority to award credits under the Act on and after January 1, 2023.* [35 ILCS 45/110-30]  
 570

571 a) MICRO Illinois Credit

572  
 573 1) *A taxpayer may receive a tax credit against the tax imposed under*  
 574 *subsections (a) and (b) of Section 201 of the Illinois Income Tax Act, not*  
 575 *to exceed the sum of:*

576  
 577 A) *75% of the incremental income tax attributable to new employees*  
 578 *at the applicant's project; and*

579  
 580 B) *10% of training costs of the new employees.*

581  
 582 2) *If the project is in an underserved area or an energy transition area, then*  
 583 *the amount of the credit may not exceed the sum of:*

584  
 585 A) *100% of the incremental income tax attributable to new*  
 586 *employees at the applicant's project; and*

587  
 588 B) *10% of the training costs of the new employees.*

589  
 590 3) *The percentage of training costs includable in the calculation may be*  
 591 *increased by an additional 15% for training costs associated with new*  
 592 *employees that are recent (2 years or less) graduates, certificate holders,*  
 593 *or credential recipients from any of the following:*

594  
 595 A) *an institution of higher education in Illinois;*

596  
 597 B) *Clean Jobs Workforce Network Program; or*

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- C) *apprenticeship and training program located in Illinois and approved by and registered with the United States Department of Labor's Bureau of Apprenticeship and Training.*
- 4) *An applicant is also eligible for a training credit that shall not exceed 10% of the training costs of retained employees for the purpose of upskilling to meet the operational needs of the applicant or the project.*
- 5) *The percentage of training costs includable in the calculation shall not exceed a total of 25%.*
- 6) *If an applicant agrees to hire the required number of new employees, then the maximum amount of the credit for that applicant may be increased by an amount not to exceed 75% of the incremental income tax attributable to retained employees at the applicant's project; provided that, in order to receive the increase for retained employees, the applicant must, if applicable, meet or exceed the statewide baseline that is specified in the agreement. If the project is an underserved area or an energy transition area, the maximum amount of the credit attributable to retained employees for the applicant may be increased to an amount not to exceed 100% of the incremental income tax attributable to retained employees at the applicant's project; provided that, in order to receive the increase for retained employees, the applicant must meet or exceed the statewide baseline that is specified in the agreement.*
- 7) *Credits awarded may include credit earned for incremental income tax withheld and training costs incurred by the taxpayer beginning on or after January 1, 2023. Credits so earned and certified by the Department may be applied against the tax imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act for taxable years beginning on or after January 1, 2025.*
- b) MICRO Construction Jobs Credit:
  - 1) *For construction wages associated with a project that qualified for a credit under subsection (b) of Section 110-30 of the Act, the taxpayer may receive a tax credit against the tax imposed under subsections (a) and (b) of Section 201 of the Illinois Income Tax Act in an amount equal to 50% of the incremental income tax attributable to construction wages paid in connection with construction of the project facilities, as a jobs credit for workers hired to construct the project.*

- 641 2) *The MICRO Construction Jobs Credit may not exceed 75% of the amount*  
642 *of the incremental income tax attributable to construction wages paid in*  
643 *connection with construction of the project facilities if the project is in an*  
644 *underserved area or an energy transition area.*
- 645
- 646 3) *The applicant seeking certification for a MICRO construction jobs credit*  
647 *shall require the contractor to enter into a project labor agreement that*  
648 *conforms with the Project Labor Agreements Act.*
- 649
- 650 c) *Tax Credit Certification to the Department of Revenue. The Department shall*  
651 *certify to the Department of Revenue the following information regarding the tax*  
652 *credit award for each taxpayer outlined in subsections (a) and (b) of Section*  
653 *120.70:*
- 654
- 655 1) *The identity of taxpayers that are eligible for the MICRO Illinois credit*  
656 *and MICRO construction jobs credit;*
- 657
- 658 2) *The amount of the MICRO Illinois credit and MICRO construction jobs*  
659 *credit awarded in each calendar year; and*
- 660
- 661 3) *The amount of the MICRO Illinois credit and MICRO construction jobs*  
662 *credit claimed in each calendar year as detailed in Section 30(d) of the*  
663 *Act).*
- 664

665 **Section 120.80 Determination of Amount and Term of the Credit**

666

- 667 a) *The Department shall determine the amount and duration of the MICRO Illinois*  
668 *credit awarded under the Act.*
- 669
- 670 b) *The credit may be stated as a percentage of the incremental income tax and*  
671 *training costs attributable to the applicant's project and may include a fixed*  
672 *dollar limitation.*
- 673
- 674 c) *For the credit term, a project that qualified under paragraph (1), (2), or (4) of*  
675 *subsection (c) of Section 110-20 of the Act, the duration of the credit may not*  
676 *exceed 15 taxable years, unless the agreement is renewed.*
- 677
- 678 d) *For project that qualified under paragraph (3) of subsection (c) of Section 110-20*  
679 *of the Act, the duration of the credit may not exceed 10 taxable years, unless the*  
680 *agreement is renewed. [35 ILCS 45/110-40]*
- 681

682 **Section 120.90 Tax Credit Agreement**

683



684 The Department and each taxpayer whom the Department determines qualifies for a credit under  
 685 the Act shall enter into an agreement that specifies terms and conditions regarding the provision  
 686 of the credit and defines the rights and responsibilities of the taxpayer and the Department.  
 687 Provisions that the taxpayer will be contractually bound to comply with include, but are not  
 688 limited to, the following:

689 a) *A detailed description of the project that is the subject of the agreement, including*  
 690 *the location and amount of the investment and jobs created or retained.*

691  
 692 b) *The duration of the credit, the first taxable year for which the credit may be*  
 693 *awarded, and the first taxable year in which the credit may be used by the*  
 694 *taxpayer.*

695  
 696 c) *The credit amount that will be allowed for each taxable year.*

697  
 698 d) *For a project qualified under paragraphs (1), (2), or (4) of subsection (c) of*  
 699 *Section 110-20 of the Act, a requirement that the taxpayer shall maintain*  
 700 *operations at the project location a minimum number of years not to exceed 15.*  
 701 *For project qualified under paragraph (3) of subsection (c) of Section 110-20 of*  
 702 *the Act, a requirement that the taxpayer shall maintain operations at the project*  
 703 *location a minimum number of years not to exceed 10.*

704  
 705 e) *A specific method for determining the number of new employees and if applicable,*  
 706 *retained employees, employed during a taxable year. The agreement will specify*  
 707 *that an employee of the taxpayer who was previously employed in Illinois by the*  
 708 *taxpayer and whose employment was shifted to the project after the taxpayer*  
 709 *entered into the tax credit agreement are not considered new employees.*

710  
 711 1) An employee may be considered a new employee under the agreement if  
 712 the employee performs a job that was previously performed by an  
 713 employee who was:

714  
 715 A) treated under the agreement as a new employee; and

716  
 717 B) promoted by the taxpayer to another job.

718  
 719 2) The agreement will specify that the Department may award a credit to the  
 720 taxpayer with respect to an employee hired prior to the date of the  
 721 agreement if:

722  
 723 A) the applicant is in receipt of a letter from the Department stating an  
 724 intent to enter into a credit agreement;

725  
 726

- 727                   B)     the letter described in subsection (e)(2)(1) under the employees  
728                   that are not included in the term "new employees" is issued by the  
729                   Department not later than 15 days after the effective date of the  
730                   Act; and
- 731
- 732                   C)     the employee was hired after the date the letter described in  
733                   subsection (e)(2)(1) under the employees that are not included in  
734                   the term "new employees" was issued.
- 735
- 736                   3)     The agreement will address that an employee shall be considered a new  
737                   employee under the agreement if the employee fills a job vacancy that had  
738                   been continuously vacant for the 184 day period immediately preceding  
739                   the date of the agreement. A job vacancy whose incumbent is on approved  
740                   leave, is locked out or is on strike is not a vacancy.
- 741
- 742                   f)     *A requirement that the taxpayer shall annually report to the Department the*  
743                   *number of new employees, the incremental income tax withheld in connection*  
744                   *with the new employees, and any other information the Department deems*  
745                   *necessary and appropriate to perform its duties under the Act.*
- 746
- 747                   g)     *A requirement that the Director is authorized to verify with the appropriate State*  
748                   *agencies the amounts reported under subsection (f), and after doing so shall issue*  
749                   *a certificate to the taxpayer stating that the amounts have been verified.*
- 750
- 751                   h)     *A requirement that the taxpayer shall provide written notification to the Director*  
752                   *not more than 30 days after the taxpayer makes or receives a proposal that would*  
753                   *transfer the taxpayer's State tax liability obligations to a successor taxpayer.*
- 754
- 755                   i)     *A detailed description of the number of new employees to be hired, and the*  
756                   *occupation and payroll of full-time jobs to be created or retained because of the*  
757                   *project.*
- 758
- 759                   j)     *The minimum investment the taxpayer will make in capital improvements, the time*  
760                   *period for placing the property in service, and the designated location in Illinois*  
761                   *for the investment.*
- 762
- 763                   k)     *A requirement that the taxpayer shall provide written notification to the Director*  
764                   *and the Director's designee not more than 30 days after the taxpayer determines*  
765                   *that the minimum job creation or retention, employment payroll, or investment no*  
766                   *longer is or will be achieved or maintained as set forth in the terms and*  
767                   *conditions of the agreement. Additionally, the notification should outline to the*  
768                   *Department the number of layoffs, date of the layoffs, and detail taxpayer's efforts*

- 769 *to provide career and training counseling for the impacted workers with industry-*  
 770 *related certifications and trainings.*  
 771
- 772 l) *A provision that, if the total number of new employees falls below a specified*  
 773 *level, the allowance of credit shall be suspended until the number of new*  
 774 *employees equals or exceeds the agreement amount.*  
 775
- 776 m) *If applicable, a provision that specifies the statewide baseline at the time of*  
 777 *application for retained employees. Additionally, the agreement must have a*  
 778 *provision addressing if the total number retained employees falls below the*  
 779 *statewide baseline, the allowance of the credit shall be suspended until the*  
 780 *number of retained employees equals or exceeds the agreement amount.*  
 781
- 782 n) *A detailed description of the items for which the costs incurred by the taxpayer*  
 783 *will be included in the limitation on the Credit provided in Section 40 of the Act.*  
 784
- 785 o) *A provision stating that if the taxpayer fails to meet either the investment or job*  
 786 *creation and retention requirements specified in the agreement during the entire*  
 787 *5-year period beginning on the first day of the first taxable year in which the*  
 788 *agreement is executed and ending on the last day of the fifth taxable year after the*  
 789 *agreement is executed, then the agreement is automatically terminated on the last*  
 790 *day of the fifth taxable year after the agreement is executed, and the taxpayer is*  
 791 *not entitled to the award of any credits for any of that 5-year period. [35 ILCS*  
 792 *45/110-45(a)(15)]*  
 793
- 794 p) *A requirement that the taxpayer shall annually report to the Department the*  
 795 *number of new employees, if applicable, the number of retained employees, and*  
 796 *the incremental income tax withheld in connection with the new employees.*  
 797
- 798 q) *A provision stating that the taxpayer must provide the reports outlined in Sections*  
 799 *110-50(a) and (b) and 110-55 of the Act on or before April 15 each year. The*  
 800 *agreement shall state that any taxpayer seeking to claim a credit under the Act*  
 801 *that fails to timely submit the report required under Section 110-50(a) of the Act*  
 802 *shall not receive a credit for that taxable year unless and until such report is*  
 803 *finalized and submitted to the Department.*  
 804
- 805 r) *A provision requiring the taxpayer to report annually its contractual obligations*  
 806 *or otherwise with a recycling facility for its operations.*  
 807
- 808 s) *Any other performance conditions or contract provisions the Department*  
 809 *determines are necessary or appropriate.*  
 810

- 811 t) *Each taxpayer under Section 120.30(b)(1) shall maintain labor neutrality toward*  
812 *any union organizing campaign for any employees of the taxpayer assigned to*  
813 *work on the premises of the project. This paragraph shall not apply to a*  
814 *manufacturer who is subject to collective bargaining agreement entered into prior*  
815 *to the taxpayer filing an application pursuant to the Act.*  
816
- 817 u) *A provision that the taxpayer must annually report to the Department the total*  
818 *project tax benefits received to date. The report is due no later than May 31 of*  
819 *each year and shall cover the previous calendar year. For applicants issued a*  
820 *certificate of exemption under Section 110-105 of the Act, the report shall be the*  
821 *same as required for a High Impact Business under subsection (a-5) of Section*  
822 *8.1 of the Illinois Enterprise Zone Act. Each person required to file a return under*  
823 *the Gas Revenue Tax Act, the Electricity Excise Tax Act, or the*  
824 *Telecommunications Excise Tax Act shall file a report on customers issued an*  
825 *exemption certificate under Section 110-95 of the Act in the same manner and*  
826 *form as they are required to report under subsection (b) of Section 8.1 of the*  
827 *Illinois Enterprise Zone Act. [35 ILCS 45/110-30(f)]*  
828
- 829 v) *A provision that the taxpayer shall at all times keep proper books of record and*  
830 *account in accordance with generally accepted accounting principles consistently*  
831 *applied, with the books, records, or papers related to the agreement in the*  
832 *custody or control of the taxpayer open for reasonable Department inspection*  
833 *and audits, and including without limitation, the making of copies of the books,*  
834 *records, or papers, and inspection or appraisal of any the taxpayer or project*  
835 *assets. [35 ILCS 45/110-15]*  
836
- 837 w) *A provision that the taxpayer claiming a credit under the Act shall, prior to April*  
838 *15 of each taxable year for which the taxpayer claims a credit under the Act,*  
839 *submit to the Department a report detailing that taxpayer's sexual harassment*  
840 *policy, which contains, at a minimum, the following information:*  
841
- 842 1) *the illegality of sexual harassment;*
  - 843
  - 844 2) *the definition of sexual harassment under State law;*
  - 845
  - 846 3) *a description of sexual harassment, utilizing examples;*
  - 847
  - 848 4) *the vendor's internal complaint process, including penalties;*
  - 849
  - 850 5) *the legal recourse and investigative and complaint processes available*  
851 *through the Department;*
  - 852
  - 853 6) *directions on how to contact the Department; and*

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7) *protection against retaliation as provided by Section 6-101 of the Illinois Human Rights Act [775 ILCS 5/6-101]. A copy of the policy shall be provided to the Department upon request. The reports required under this Section shall be submitted in a form and manner determined by the Department.*

**Section 120.100 Certification of Verification**

- a) The taxpayer shall notify the Department on forms provided by the Department when the minimum eligible capital improvement investments have been placed in service and the minimum new full-time employee jobs have been created and that retained employees remain employed by the taxpayer.
- b) The taxpayer shall provide, for land and/or building acquisition, a copy of the purchase agreement; for building construction or renovation, a contractor's or architect's cost certification; for space rental, a rental/lease agreement.
- c) *For a taxpayer to be eligible for a certificate of verification, the taxpayer shall provide proof as required by the Department prior to the end of each calendar year, including, but not limited to, attestation by that project:*
  - 1) *has achieved the level of new employee jobs specified in the agreement;*
  - 2) *has achieved the level of annual payroll in Illinois specified in the agreement;*
  - 3) *has achieved the level of capital investment in Illinois specified in the agreement;*
  - 4) has maintained the statewide baseline employment specified in the agreement; and
  - 5) the taxpayer has materially complied with the terms of the agreement and is not otherwise in violation of any provision of the Act.
- d) Upon receipt of valid proof from the taxpayer, the Department shall provide the taxpayer with a certificate of verification.
- e) *A taxpayer claiming a credit under the Act shall submit to the Department of Revenue a copy of the Director's certificate of verification under the Act for the taxable year. However, failure to submit a copy of the certificate with the*

896 taxpayer's tax return shall not invalidate a claim for a credit. [35 ILCS 45/110-  
897 60]

898

899 **Section 120.110 Noncompliance with the Agreement**

900

901 a) *If the Director determines that a taxpayer who has received a credit under the Act*  
902 *is not complying with the requirements of the agreement or all of the provisions of*  
903 *the Act, the Director shall provide notice to the taxpayer of the alleged*  
904 *noncompliance and allow the taxpayer a hearing under the provisions of the*  
905 *Illinois Administrative Procedure Act. If, after notice and any hearing, the*  
906 *Director determines that a noncompliance exists, the Director shall issue to the*  
907 *Department of Revenue notice to that effect, stating the noncompliance date. [35*  
908 *ILCS 45/110-70] Alleged noncompliance shall include, but not be limited to:*

909

910 1) a demonstration that the taxpayer failed materially to comply with the  
911 terms and conditions of the agreement;

912

913 2) a determination upon investigation that the taxpayer or any of its agents or  
914 representative provided false or misleading information to the Department;  
915 or

916

917 3) a failure to submit the annual report required by Section 30(f) of the Act.

918

919 b) The Department shall notify a taxpayer in writing that its certification of  
920 verification subject to revocation. Such notice shall include the reason for  
921 revocation and the date and location of a hearing to be held pursuant to 56 Ill.  
922 Adm. Code 2605.

923

924 c) Following revocation of the certification of verification the Department will  
925 contact the Director of the Illinois Department of Revenue who may begin  
926 proceedings to recover wrongfully exempted State taxes.

927

928 **Section 120.120 Recapture and Reallocation of Recaptured Amounts**

929

930 a) *If, during the term of an agreement, the taxpayer ceases principal operations at a*  
931 *project location that is the subject of that agreement with the intent to terminate*  
932 *operations in the State, the Department and the Department of Revenue shall*  
933 *recapture from the taxpayer the entire credit amount awarded under the*  
934 *agreement prior to the date the taxpayer ceases operations. [35 ILCS 45/110-70]*

935

936 1) If the Department determines that a taxpayer ceases principal operations  
937 at a project location that is the subject of that agreement with the intent to  
938 terminate operations in the State, the Director shall provide notice to the

939 taxpayer of that determination and allow the taxpayer a hearing under the  
940 Illinois Administrative Procedure Act [5 ILCS 100]. Example of activities  
941 that evidence a cessation of operation at a project location with an intent to  
942 terminate operations in the State include, but are not limited to, WARN  
943 (Worker Adjustment and Retraining Notification) notices reflecting  
944 layoffs in excess of 65% of the full-time employees located at the project  
945 site, and public announcements or other media reflecting an intent to  
946 relocate operations outside the State.

947  
948 2) The Department shall notify a taxpayer in writing that the MICRO  
949 construction jobs credit and/or the MICRO credit is subject to recapture.  
950 The notice shall include the reason for revocation of the certification of  
951 verification and the date and location of a hearing to be held pursuant to  
952 56 Ill. Adm. Code 2605 (Administrative Hearing Rules).

953  
954 3) Following a determination that credits received pursuant to an agreement  
955 are subject to recapture, the Department will contact the Director of the  
956 Illinois Department of Revenue requesting proceedings begin to determine  
957 the amounts to be reallocated by the Department pursuant to Section 110-  
958 70 of the Act.

959  
960 b) *The Department shall, subject to appropriation, reallocate the recaptured amount*  
961 *within 6 months to the local workforce investment area, through competitive*  
962 *grants opportunities in accordance with the Grant Accountability and*  
963 *Transparency Act, in which the project was located for the purposes of workforce*  
964 *development, expanded opportunities for unemployed persons, and expanded*  
965 *opportunities for women and minorities in the workforce. Grant funds shall be*  
966 *distributed in accordance with GATA, and the Department may adopt rules to*  
967 *implement the program. [35 ILCS 45/110-70]*

968  
969 **SUBPART C: UTILITY TAX EXEMPTION**

970  
971 **Section 120.130 Eligibility**

972  
973 a) *A taxpayer with a credit for a project that meets the qualifications under*  
974 *paragraphs (1), (2), and (4) of subsection (c) of Section 110-20 [35 ILCS 45/110-*  
975 *95], subject to an agreement under the Act, may be certified by the Department to*  
976 *receive an exemption from:*

977  
978 1) *the tax imposed at the project site by Section 2-4 of the Electricity Excise*  
979 *Tax Law, and/or*

980

981 2) *any additional charges added to the taxpayer's utility bills at the project*  
982 *site as a pass-on of State utility taxes under Section 9-222 of the Public*  
983 *Utilities Act. [35 ILCS 45/110-95]*  
984

985 b) To receive a certification for the utility tax exemption, the taxpayer must be  
986 registered to self-assess that tax and meet any other criteria for certification set by  
987 the Department.  
988

989 **Section 120.140 Form of Application**  
990

991 An application for the Utilities Tax Exemption shall be submitted on the standard application  
992 form provided by the Department. An application shall include:  
993

- 994 a) Taxpayer's fully executed MICRO Illinois credit agreement with the Department;  
995  
996 b) Name, address, and Federal Employer Identification Number of the taxpayer; and  
997  
998 c) The applicant will attest that it is *registered to self-assess* the utility tax. [35 ILCS  
999 45/110-95]

1000

1001 **Section 120.150 Application Approval Process**  
1002

1003 a) Application Approval Requirements. Applications shall be submitted to the  
1004 Department and approved or denied in writing within 90 days after receipt. The  
1005 Department will issue a certification of exemption to the Illinois Department of  
1006 Revenue for approved applicants, with a copy to the approved applicant. The  
1007 application shall be approved if it meets the following requirements:  
1008

- 1009 1) The applicant has an executed MICRO Illinois agreement; and  
1010  
1011 2) The applicant eligibility criteria outlined in Section 120.130 are met.  
1012

1013 b) 10-Year Exemption Period. All certified businesses shall receive a ten-year  
1014 exemption from Section 2-4 of the Electricity Excise Tax Law, and Section 9-222  
1015 of the Public Utilities Act.  
1016

1017 c) Failure to Comply. Applicant shall *repay the exempted amount if the applicant*  
1018 *fails to comply with the terms and conditions of the* executed MICRO Illinois  
1019 agreement. [35 ILCS 45/110-95]