**Section 545.320 Modernization Retooling Loan Program**

a) Purpose – The purpose of the Modernization Retooling Loan Program is defined in Section 3505 of the Act. The Department may, subject to appropriated funds, establish a loan program to improve business production systems and work processes. Such improvements shall result in the preservation and/or creation of private sector jobs by increasing the firms' long-term competitive viability.

b) Eligible Applicants – Any small, medium-sized or mature Illinois business may make an application for financial assistance under this program. An eligible business includes any for-profit business located in Illinois organized as a sole proprietorship, corporation, joint venture, partnership, association, or cooperative. For the purpose of this program, a mature business is one (including predecessor companies) that has been in continuous profitable operation for at least two years or has a meaningful operating history.

c) Allowable Activities – Per Section 3505(a) and (b) of the Act, loans may be provided to, or on behalf of, the State's mature, small, or medium-sized businesses for the modernization and installation of advanced technologies or processes. A loan made for company modernization or retooling may be for any purpose consistent with the objectives of the Act, including but not limited to:

1) *purchases of advanced machinery;*

2) *equipment and tooling;*

3) *organizational expenses for services;*

4) *personnel training;*

5) *corporate restructuring;*

6) *working capital;*

7) *acquisition, improvement, or rehabilitation of land and buildings; or*

8) *any other business expense reasonably related to the project.*

d) Limitations – Per Section 3505(b) and (c) of the Act, the following limitations apply to this program:

1) *No loan made by the Department,* or by an intermediary organization making a loan on behalf of the Department, *shall be used to pay for the retirement of previous debt unless the debt is a part of the purchase or lease of machinery or equipment that is being upgraded.*

2) *A loan under this program shall not be made for more than $500,000 or for more than 25% of the business project costs unless the Director determines that a waiver of these limits is required to meet the purposes of the Act.*