



Illinois
Department of Commerce
& Economic Opportunity

OFFICE OF BUSINESS DEVELOPMENT

JB Pritzker, Governor

Reimagining Electric Vehicles in Illinois
(REV Illinois)
2021 Annual Report



Illinois
Department of Commerce
& Economic Opportunity

JB Pritzker, Governor

July 1, 2022

Governor JB Pritzker
Members of the General Assembly
Illinois State Capitol Building
401 S. 2nd Street
Springfield, IL 62701

Dear Governor Pritzker and Members of the General Assembly:

The following report fulfills the statutory directive that the Department of Commerce and Economic Opportunity (DCEO) provide the Governor and the Members of the General Assembly with an annual report on the Reimagining Electric Vehicles in Illinois Act (REV Illinois). Public Act No. 102-669 signed into law on November 16, 2021, created the REV Illinois program, which is designed to support and grow the state's electric vehicle (EV) ecosystem with incentives for EV manufacturers, EV component parts manufacturers and EV charging station manufacturers. This program will help build manufacturing facilities, train Illinois graduates for careers in the EV field, and create thousands of jobs all while also building towards the goal of putting one million electric vehicles on the road in Illinois by 2030. As provided for in 20 ILCS 686/1, this is the first annual report summarizing the status of the REV Illinois program.

Please feel free to contact the Department with any questions about this report.

Sincerely,

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

Sylvia I. Garcia
Director

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1. Introduction

The Reimagining Electric Vehicles in Illinois Act (“REV Illinois”) is the newest business incentive offered by the Illinois Department of Commerce & Economic Opportunity (the “Department”). This is the first annual report for REV Illinois, submitted pursuant to 20 ILCS 686/1/605-1025. Established by Public Act No. 102-669, REV Illinois is focused on attracting electronic vehicle manufacturers through a variety of tax exemptions and tax credits with increased incentives for projects located in underserved areas. The following report details the implementation of the Program since its inception in late 2021.

2. Eligibility Requirements

The purpose of REV Illinois is to help Illinois become the most attractive state in the nation to manufacture an electric vehicle (EV) and to create thousands of jobs by incentivizing EV businesses to move to or expand operations in Illinois. In the coming weeks and months, EV manufacturers and their suppliers are making decisions about where to locate in the United States. REV Illinois gives Illinois a competitive edge when combined with Illinois’ natural assets in location, infrastructure, logistics, workforce, and research and development. The bill authorizing these incentives, House Bill 1769, passed both chambers of the Illinois General Assembly on October 28, 2021, and was signed into law on November 16, 2021 (P.A. 102-669). REV Illinois was amended by P.A. 102-700, signed into law on April 19, 2022, which expanded eligibility to include manufacturing of vehicles powered by hydrogen fuel cells or solar technology, manufacturers of electric bicycles, battery recycling and reuse manufacturers, and battery raw materials refining service providers.

Targeted Industry and Parameters

The intended target audience for REV Illinois includes companies that primarily manufacture EVs and/or EV component parts (e.g., battery, cathode, and anode manufacturers), battery recycling and reuse manufacturers, battery raw materials refining service providers, and EV charging stations at various investment levels. EVs include vehicles exclusively powered by electricity and include electric cars, agricultural vehicles, and motorcycles. The definition of EVs also includes vehicles which are powered by hydrogen fuel cell or solar technology. There is no “But for” test for REV Act eligibility, which is different from the EDGE tax credit program which requires companies to provide evidence of a competitive out-of-state option to apply for benefits.

Project Investment Requirements for large EV Businesses:

- EV Manufacturer: \$1.5B capital investment & ≥ 500 jobs within 5 years.
- EV Component Parts Manufacturer: \$300M capital investment & ≥ 150 jobs within 5 years.
- Manufacturers converting existing manufacturing to EV and EV components: \$100M capital investment and ≥ 75 new jobs (or new jobs equivalent to 10% of statewide baseline for taxpayer, whichever is less).

Project Investment Requirements for small EV Businesses:

- EV manufacturers, EV component part manufacturers, EV power supply equipment manufacturers, battery recycling and reuse manufacturers, or battery raw materials refining service providers: invest over \$20M in capital investments & ≥ 50 new jobs within 4 years.

REV Illinois Credits for Income Tax Withholding

The enhanced EDGE incentive can be claimed beginning 1/1/2025:

- 75% of income tax withholdings attributable to new employees; or
- 100% of withholdings if in an underserved area or energy transition area.

- The tax credit may be increased by 25% of income tax withholdings attributable to Retained Employees if the company meets the New Employee threshold.

- For projects in underserved areas or energy transition areas, the tax credit may be increased by 50% of income tax withholdings attributable to Retained Employees if the company meets the New Employee threshold.

- Length of Credit:
 - 15 years for large EV businesses.
 - 10 years for small EV businesses.

REV Illinois Credits for Training Costs

All projects are eligible for a credit up to 25% of eligible training costs for new employees:

- 10% of training costs for all projects.
- 15% for trainees who are recent Illinois graduates, certificate holders or credential recipients. Includes 4-year public and private universities, community colleges, vocational/technical schools, Clean Jobs Workforce Network Program, and USDOL certified apprenticeship programs.
- All projects are eligible for a credit up to 10% of training costs to upskill retained employees

REV Illinois Tax Exemptions

Applies to large EV businesses and projects:

- Exemption on retailers' occupation tax paid on building materials (5 years).
- Exemption on state utility tax for electricity and natural gas (10 years).
- Exemption on telecommunication excise tax and waives ICC administrative charge.
- Investment credit on qualified property (0.5%) for use in the year the property was put in service.

REV Illinois Construction Jobs Credit

Tax credit against Corporate Income Tax liability in an amount equal to:

- 50% of the amount of the incremental income tax attributable to the construction wages paid in connection with construction of the project facilities as a jobs credit for workers hired to construct the project.
- 75% if project in underserved area or energy transition area.

Requires a Project Labor Agreement for construction and applies to small and large EV businesses.

Additional REV Illinois Enhancements

- Property Tax: Local jurisdictions may abate any portion of property taxes for a REV Illinois Project Site owned by EV, EV component part and EV power supply equipment manufacturers.
- Creation of an EV Permitting Task Force to ensure permits for EV projects are streamlined and expedited including fee and staffing analysis provided by IEPA, IDNR, and IDOT.
- Permits the Illinois Department of Transportation (IDOT) to prioritize road projects that directly assist with locating an EV facility and the project's infrastructure needs.

- Buy Illinois: 20% price preference for EVs built in Illinois for state procurements of EVs

Reporting Requirements

- Annual reporting on project deliverables will be similar to the reporting requirements in the EDGE program. The report will include information about hiring and employment levels and income tax withholding.
- Diversity reporting on workforce, board of directors, and vendors.
- Reporting on the maintenance of sexual harassment policies.
- Hiring plan and commitments to recruit and hire from underserved areas.
- Report on relationships with recycling facilities, if applicable.

3. Competitor State Incentive Programs

Illinois' comprehensive REV Act and corresponding clean energy commitments, through the Climate and Jobs Act, are first-in-the-nation and make Illinois highly competitive when compared to other state programs. Illinois' primary competitors in the burgeoning EV market include Michigan, Ohio, Texas, North Carolina, Tennessee, Kentucky and Georgia.

Examples of Other State's EV Attraction Programs

South Carolina - Battery Manufacturing Tax Incentive

The taxable fair market value of manufacturing machinery and equipment purchased for use at a renewable energy manufacturing facility may be reduced by 20% of the original cost. Qualified renewable energy manufacturing facilities include those manufacturing batteries for hybrid electric, fuel cell, or other motor vehicles certified by the South Carolina Energy Office. Qualified facilities must invest at least \$100 million in the project and create at least 200 new full-time jobs with an average compensation level of 150% of the annual per capita income in South Carolina or the county where the facility is located, whichever is less.

Michigan - Michigan Mobility Funding Platform

Provides grants to mobility and electrification companies looking to deploy their technology solutions. Grants vary in size; testing site deployments have ranged from \$10,000 to \$100,000 and real-world deployments have ranged from \$40,000 to \$125,000. Applicants must match a portion of the grant with cash or in-kind support. The first two rounds of grants were announced in September 2021 and December 2021.

Michigan – Michigan Strategic Fund Act Improvements

Effective December 20, 2021, sets aside a \$1 billion appropriation for two programs, Michigan Strategic Site Readiness and Critical Industry Investment. The first is to help prepare "strategic sites" of at least 500 acres that would be used for manufacturing or another commercial use. Eligible activities include i) land acquisition and assembly; ii) site preparation and improvement; iii) infrastructure improvements that directly benefit the site, including transportation infrastructure, water and wastewater infrastructure, and utilities necessary to service the site; iv) any demolition, construction, alteration, rehabilitation, or improvement of buildings on the site; v) environmental remediation; or vi) architectural, engineering, surveying, and similar professional fees. The second creates a fund to provide qualified investments to qualified businesses for deal-closing, gap financing, or other economic assistance to create new qualified

jobs or make capital investments, or both.

Ohio – Megaproject Grants

Effective September 30, 2021, eligible projects require unique sites, extremely robust utility service, and a technically skilled workforce. The project's employees must be compensated at an average hourly wage of at least 300% of the federal minimum wage. The project must either have fixed-asset investments of at least \$1 billion or create \$75 million in employee payroll.

4. Reimagining Electronic Vehicles Summary

The Department received no requests for Reimagining Electronic Vehicles incentives in 2021. Public Act 102-669, which created the program, was signed into law and became effective on November 16, 2021. The first year that credits may be available to be earned under the REV Illinois Program is 2022. In order to attract businesses, the Department is executing a business development strategy that will be led by a newly created position entirely dedicated to the EV sector. As part of this strategy, the Department is regularly meeting with EV manufacturers, EV component part manufacturers and EV charging companies to raise awareness and promote the new REV Illinois program and expects to have projects to report on in the next reporting cycle.