



# ADVANCE ILLINOIS MANUFACTURING

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## **Advance Illinois Manufacturing (AIM) Coalition Launches in Illinois**

*Diverse Coalition Supports Permanent Tax Solutions to Provide Stability and Strengthen Job Creators*

SPRINGFIELD, IL – A diverse group of business industries across the state have launched a coalition committed to advocating for modern and permanent extensions of four critical tax incentives that will provide stability and predictability for job creators.

Advance Illinois Manufacturing (AIM), led by the Illinois Manufacturers' Association (IMA), includes members in the manufacturing, agriculture, printing, biotech and other important sectors of the state's economy. The AIM Coalition is advocating for permanent tax solutions to ensure that a wide variety of industries in Illinois remain competitive in the marketplace. AIM is hoping the legislature will support a series of legislative measures that must be adopted to create a secure business environment to further existing manufacturing interests as well as future investment.

"We need to do more in Illinois to embrace the compromising spirit and attract business growth and development here," said **state Rep. Mike Zalewski, D-Riverside, the bill's chief sponsor**. "These tax credits will provide targeted incentives with measurable benefits for employers large and small. My hope is we can use this package to build consensus on innovative ways to grow our state, as I've tried to do with other parts of my legislative agenda for 2016."

### **AIM Legislative Agenda – HB 5717 sponsored by Rep. Zalewski**

- **A Permanent R&D Tax Credit:** Illinois is home to more than 450 corporate R&D facilities that innovate and improve on current products. This credit has been renewed and expired four times in the last 13 years posing as a hindrance to long-term planning for continued R&D spend. The absence of a permanent policy negatively impacts Illinois manufacturing as R&D dollars are being invested in neighboring states with a more secure tax environment. From an employee standpoint, R&D jobs are technical and highly skilled meaning higher salary jobs follow R&D investment. Illinois needs to keep these higher paying opportunities that are vital to our middle class sector.
- **Reform the Manufacturers Purchase Credit (MPC):** The Illinois Manufacturers Purchase Credit has expired on several occasions in the last decade including sun setting in July 2014. The state needs to reform and make the MPC permanent by merging it into the Manufacturing Machinery & Equipment exemption (MME). Until it expired, the MPC was a complicated and convoluted process that was difficult for both companies and the Department of Revenue to administer. AIM proposed to merge the MPC into the MME to allow manufacturing companies to be incented for the purchase of tangible personal property used or consumed in the manufacturing process.
- **Modification to Graphic Arts Sales Tax Exemption:** Following the lead of merging into the Manufacturing Machinery & Equipment exemption (MME), AIM recommends permanently including the graphic arts sales tax exemption. This credit expired in 2014 at a time when the industry employed 55,100 workers in more than 2,300

facilities across the state. AIM advocates for legislation that encourages Illinois businesses to invest in higher quality, more technologically advanced printing and graphic arts equipment.

- **A Permanent Coal, Aggregate Exploration, Mining and Off-Highway Sales Tax Exemption:** Illinois has robust mining, construction and quarry operations and key to maintaining those industries is to incentivize the purchases of equipment used in those applications.

“Illinois needs a stable tax code that will lead to new job creation and increase our position of strength in technology and innovation,” said **Mark Denzler, Vice President/COO, Illinois Manufacturers’ Association**. “In the R&D space, Illinois is one of the few states without a permanent tax credit and it’s the lifeblood of manufacturing. It’s imperative that we advance these four critical tax incentives to keep Illinois manufacturing competitive and to effectively advocate for an industry that employs 570,000 workers in Illinois and contributes \$101 billion in total manufacturing output.”

**Bill Gibson, Illinois State Director at Great Lakes Graphics Association** echoes the importance of this legislation.

“Presently 49 other states offer some kind of economic incentive to commercial printers engaged in manufacturing activity, so the renewal of these incentives is critical to the survival of the commercial printing industry in Illinois,” said Gibson. “Unfortunately, due to gridlock in Springfield and the expiration of several pro-business credits Illinois companies are at disadvantage in the marketplace. When lawmakers talk about making Illinois more competitive, about more small business opportunities and about stopping job losses to other states – this is exactly the type of legislation they should be supporting.”

“As the professional trade association responsible for the promotion of Illinois coal, we have a deeply engrained interest in lobbying for a continued tax exemption that encourages mining and quarry investment in Illinois,” said **Phil Gonet, President of the Illinois Coal Association**. “Amidst turbulent times in our industry, this tax exemption has been an opportunity for us to keep the coal industry as a mainstay in the Illinois economy which employs approximately 4,000 Illinoisans and supports the jobs of an additional 12,000 people.”

#### **Coalition Members Include (in formation):**

Illinois Manufacturers’ Association  
Great Lakes Graphics Association  
Southwestern Illinois Employers Association  
Illinois Press Association  
Illinois Coal Association  
Choose Du Page Economic Development Alliance  
Illinois Association of Aggregate Producers

Illinois Science & Technology Coalition  
iBio  
Illinois Petroleum Council  
Taxpayers Federation of Illinois  
Chicagoland Chamber of Commerce  
The Valley Industrial Association

#### **About the Illinois Manufacturers’ Association (IMA)**

The Illinois Manufacturers’ Association is the oldest and one of the largest state manufacturing trade associations in the United States. Founded in 1893, the IMA represents nearly 4,000 member companies and facilities across the state. Manufacturers employ 570,000 workers with an average annual wage and benefit totaling \$70,000 and contribute the single largest share of the Gross State Product.