

Job Creation Package 2014

1. End constant tax increase proposals that create uncertainty for job creators and kill jobs while costing Illinois citizens more.
2. Establish primary causation for workers' compensation
3. Make the Research and Development Tax Credit permanent
4. Authorize DCEO to establish 50 new Enterprise Zones
5. Reduce the Cost of setting up an LLC in Illinois
6. Create a "Networking for Success" Program for small to mid-sized businesses
7. Expand the reach of science, technology, engineering and math education opportunities in Illinois by creating STEM academies within the confines of local schools.

1. End constant tax increase proposals

- The Democrats continue to offer a parade of tax increase proposals – from extension of the 67% income tax increase, a progressive income tax increase and an income tax surcharge to a tax on soda pop and higher taxes and fees on job creators.
- The proposals come on the heels of the largest tax increase in Illinois history which has taken \$26 billion in additional money from taxpayers and driven jobs and people out of Illinois.
- The tax increase was billed as the only way to pay off old bills, improve the state's credit rating and solve the budget problems. The Democrats accomplished none of those goals and instead put Illinois in worse financial position.
- Making the income tax increase permanent – and proposing additional tax increases – will cost working families more and further jeopardize our jobs climate.
- Illinois is already facing the 3rd highest unemployment in the nation and lags behind neighboring states in job creation.

2. Establish primary causation for workers' compensation

- Under current law, the Workers Compensation Act merely provides that to obtain compensation under the Act, an employee bears the burden of showing that he or she has sustained accidental injuries arising out of and in the course of the employment. The terms "accident" and "injury" are not defined, nor is there a statutory standard for what injuries shall be deemed to be "arising out of and in the course of the employment."
- Addressing the causation standard currently applied will result in measurable workers' compensation cost savings by establishing tighter standards for the compensability of claims. This change would bring Illinois workers' compensation costs closer to the cost structure imposed in neighboring states.

Fiscal Impact: Unknown. The focus of this bill's impact would be on private sector finances. However, as an employer, the State would benefit from reduced rates similar to all other employers.

3. Make the Research and Development Tax Credit permanent

- The R&D Tax Credit has previously expired in 2004, 2009, and 2010 – and is currently scheduled to do so again in 2016. Business groups report that this uncertainty limits the credit’s effectiveness. Businesses make R&D decisions in the long-term, and can be expected to prefer states with more stability in their tax incentives.
- A permanent R&D credit would increase business confidence in the incentive and lead to greater investment in Illinois.

Fiscal Impact: The Research and Development Tax Credit is currently in statute.

4. Authorize DCEO to establish 50 new Enterprise Zones

- Illinois has 95 designated Enterprise Zones that act under current law to create jobs within specific regions of Illinois. Places of employment that operate within an Enterprise Zone are granted certain exemptions from the regulations that encumber businesses located in other Illinois sites.
- In addition, new capital investments made by business firms located in Enterprise Zones are granted specific exemptions from certain sales taxes, utility taxes, and income taxes that would otherwise have been imposed on them.
- The Enterprise Zone program was created to create jobs and stimulate the redevelopment of depressed areas throughout Illinois. Unfortunately, the General Assembly has capped the number of Enterprise Zones that may be created within Illinois. Now that ninety-five zones have been certified by the Department of Commerce and Economic Opportunity (DCEO), no more zones can legally be created under current law.
- The reauthorization, in 2012, of the Enterprise Zone program is leading to new applications statewide, and creates an opportunity to expand this valuable program.

Fiscal Impact: Unknown. Enterprise Zones deliver a wide range of tax benefits at an unknown cost. The Zones have also proven to be highly effective economic development tools that produce an unknown but surely significant amount of revenue growth due to increased economic activity.

5. Reduce the cost of setting up an LLC in Illinois

- Illinois should decrease the administrative costs of setting up an LLC from \$750 (currently) to \$39.
- Every State imposes an administrative cost for setting up the “Articles of Organization” to create an LLC. The cost of setting up an LLC varies between \$50 (in Michigan, Missouri, and Iowa) to \$750 (in Illinois).
 - Other Midwest state costs are as follows: Ohio- \$125; Wisconsin- \$130; Indiana \$85.
- Onerous startup costs can be the difference between small businesses not having enough capital to start up in Illinois or thriving within the State.

Fiscal Impact: According to COGFA, this legislation would reduce State revenues by \$11.4 million annually. This estimate does not attempt to adjust for any growth in LLC registration.

6. Create a “Networking for Success” Program for Small to Mid-Sized Businesses

- The *Networking for Success* program would provide small to mid-sized private sector businesses (under 50 employees) with access to a wide variety of specialized expertise in order to help them find growth opportunities to take their business to the next level.
- The program would create a one-stop shop for employers seeking help in the areas of: strategic market research, geographic information systems, web design/search engine optimization, and social media marketing
- To implement the program, DCEO would be authorized to establish partnerships with non-profit business consultation firms to assist small and mid-sized businesses with research and networking to spur growth and development. Such partnerships could also include cooperation with entities, such as local and regional chambers of commerce to tailor assistance based on local needs and to utilize local networking assets.

7. Expand the reach of science, technology, engineering, and math education opportunities in Illinois by creating STEM academies within the confines of local schools.

- Science, technology, engineering, and math (STEM) education is one of the most important tools for economic growth in Illinois.
- State and local education programs have begun prioritizing STEM curriculums in the classroom because of the critical need to have students prepared for the 21st Century workforce.
- Going forward, students that are prepared for STEM occupations will bolster our state’s competitive edge and its ability to be successful in the global economy.
- To continue this momentum, Illinois school districts should be enabled to create STEM academies within their schools to give Illinois students the ability to take advantage of STEM education opportunities. The academies would be staffed by existing faculty, and could partner with community colleges, universities, and businesses to enhance the curriculum.
- These academies would be eligible for state and federal grants and private donations. In addition, these schools would use the resources of the Illinois STEM Learning Exchanges for technical assistance, funding resources, and mentoring of programs.
- The STEM Learning Exchanges were created in 2012 with Race to the Top funding to deliver resources to local educational systems by increasing students' access to real-world challenges, e-Learning opportunities, and work-based learning such as job shadows and internships. The Exchanges also support teacher professional development and community efforts to determine if education programs meet workforce needs.

- The State of Illinois should also thoughtfully consider the expansion of Math and Science Academy in Aurora to other locations within the State. Our investment now in IMSA will ensure that Illinois youth have sufficient opportunities in the future to be prepared for the 21st Century workforce and to pursue STEM careers.

An Example of Federal Funding

- November 20, 2013, the U.S. Department of Labor announced that it would be accepting applications for the Youth CareerConnect Program. The \$100 million grant solicitations would give approximately 25-40 grantees funding to redesign high school students' preparedness for post- secondary education and employment in high growth STEM industries. In cooperation, ISBE IDoL, IBHE, and IDES submitted an application. Each grantee would receive a grant between \$2 million and \$7 million. The grant has not been awarded yet by the U.S. DoL