

Illinois Opportunities for Offshore Wind Businesses

A. The Advantages of Illinois

Illinois is a world-class center for business and industry and is one of the top manufacturing states, with leading exports in machinery and hardware manufacturing. The Illinois Department of Commerce and Economic Opportunity's Office of Business Development offers a variety of programs, services, and incentives to help businesses, particularly small businesses, succeed. In addition, the Illinois Finance Authority, a state organization, fosters economic development by issuing tax-exempt and taxable bonds.

Illinois is the sixth largest exporting state in the U.S., due, in part, to a strong transportation network and the expertise of the Illinois Office of Trade and Investment. The state is home to the O'Hare International Airport, one of the world's busiest airports. Fifty-two railroads provide service from Illinois, and Union Pacific's new intermodal facility is a state-of-the-art terminal, offering direct access to major highways, expedited operations, and efficient shipping. Thirteen port districts offer companies direct links to the Atlantic Ocean and the Gulf of Mexico. The Port of Chicago terminals can handle ocean and lake vessels and barges. The Lake Michigan Port is served by 12 railroads and offers direct access to two interstate highways. Foreign Trade Zones are located within several of these port districts and offer low-cost facilities.

The state offers several programs, centers, and experts who can assist businesses with a variety of services, including small business development, government procurement assistance, regulatory and permitting assistance, and manufacturing services.

B. Government Policies Pertaining to Offshore Wind Power

Renewable Resource Portfolio Standard

Illinois enacted legislation in 2007 creating and authorizing the Illinois Power Agency to procure renewable energy for investor-owned utilities and alternative retail electric suppliers. The state's renewable portfolio standard (RPS) procurement plan includes a solar and wind minimum (75% wind for investor-owned). The 25% standard must be met by 2026.

Offshore Wind Planning

In 2011, Illinois Governor Pat Quinn signed legislation creating a council to study the potential for offshore wind development in the state-owned waters of Lake Michigan. The Legislation created the Lake Michigan Offshore Wind Energy Advisory Council to evaluate and determine criteria for reviewing applications for offshore wind development and identifying acceptable and unacceptable areas for offshore wind development. The Council, which includes members from state agencies, the private sector, academia, and community groups, will make recommendations on regulations governing offshore development and a process for ensuring

public management in the lake leasing process. The Council will submit its final recommendations to the Governor and the General Assembly by the end of June 2012.

In April, the Obama Administration and the Governors of five Great Lakes states, including Illinois, signed a memorandum of understanding (MOU) establishing the Great Lakes Offshore Wind Energy Consortium to streamline offshore wind development in the Great Lakes. The MOU enhances collaboration amongst federal agencies and the state for the development of an action plan to set priorities and recommendations for efficient review of proposed offshore projects in the region.

C. Government Policies Pertaining to Manufacturing and Service Activities Related to Offshore Wind

Business Incentive Loans and Bonds

The **Community Development Fund** is a partnership Illinois Department of Commerce and Economic Opportunity (DCEO) with financial institutions. Up to \$5 million in micro loans is available to start-up companies and existing small businesses. Similarly, a partnership among DCEO, community action agencies, and the Illinois Ventures for Community Action administers the **Community Service Block Grant Loan Program**, which provides long-term, low-interest, fixed-rate loans to new or expanding businesses. Companies must create jobs for low-income individuals.

The Illinois Finance Authority (IFA), a self-financed state authority, offers the **Small Business Participation Loan Program**. IFA will purchase up to 50% of a loan (\$500,000 maximum) directly from the lender, providing a lower blended interest rate to the borrower. The loan is primarily to be used for fixed assets such as real estate, construction or renovation, and machinery and equipment.

In partnership with the Rural Development Administration, the IFA finances business facilities in eligible rural areas through the **Rural Development Loan Program**. The program can finance up to \$75,000 of the project's cost (\$250,000 maximum). The loan is available to industrial businesses that create new or retain jobs.

The IFA funds a seed stage venture capital fund providing early-stage equity financing to small companies developing or commercializing a new technology. The **Technology Development Bridge** is implemented as a partnership with private venture investors.

Tax-exempt Industrial Revenue Bonds are issued on behalf of manufacturing companies to finance the purchase of fixed assets or new construction or renovation. Bond financing can cover up to 100% of the project's cost. The bonds are primarily used for manufacturing projects.

The Large Business Development Program provides grants to large businesses for bondable business activities, including the purchase of fixed assets. Business should be undertaking a major expansion or relocation project.

Tax Credits

The **Illinois Angel Investment Credit Program** offers tax credits to investors who make an investment in a qualified innovative, new business venture. The tax credit is equal to 25 percent of the investment, and the maximum investment is capped at \$2 million.

Companies which can show documentation of their interest of locating in another state are eligible for a special tax incentive through the **Economic Development for a Growing Economy Tax Credit Program** to encourage companies to remain and expand or locate in Illinois. The program provides tax credits to qualifying companies equal to the amount of state income taxes withheld from the salaries for newly created jobs. A company must make a capital investment of \$5 million and create a minimum of 25 jobs to be eligible.

The **Enterprise Zone Program** provides eligible businesses that relocate or expand to a designated zone with tax incentives such as: 1) a sales tax exemption on equipment used in manufacturing; 2) an investment tax credit; 3) a job tax credit for each job created in the zone; and an exemption on the state utility tax.

The **High Impact Business Program** provides tax incentives to encourage large-scale economic development. Companies must make at least a \$12 million investment and create 500 full-time jobs. Wind powering facilities are considered high impact businesses.

D. Other Applicable Incentives

The **Business Development Public Infrastructure Program** provides grants and loans to local governments for public infrastructure improvements in support of economic development and job retention and growth. At least one job must be created for every \$10,000 awarded.

The Illinois Department of Transportation has several programs that provide funds for transportation infrastructure improvements to new or expanding industrial, distribution, or tourism developments. Funds may be used for highway improvements, access to industrial distribution facilities, rail freight improvements, and access to market.