



Illinois
Department of Commerce
& Economic Opportunity
JB Pritzker, Governor

Apprenticeship Education Expense Tax Credit Program 2022 Annual Report

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The following report fulfills the statutory directive that the Illinois Department of Commerce and Economic Opportunity provide the Governor and the Members of the General Assembly with an annual report on the Apprenticeship Education Expense Tax Credit Program. Public Act No. 101-207 created the Apprenticeship Tax Credit, effective January 1, 2020, and authorized DCEO to issue tax credit certificates to companies that incur educational expenses on behalf of qualified apprentices. As provided for in 35 ILCS 5/229, this is the third annual report summarizing the status of the Program.

1. Introduction

The Apprenticeship Education Expense Tax Credit Program (the “Program”) is one of the newest business incentives offered by the Illinois Department of Commerce & Economic Opportunity (“DCEO” or the “Department”). Established by Public Act No. 101-207, the Program is designed to encourage and support the hiring and education of apprentices to meet workforce and training needs now and in the future.

Since the inception of the Program, the Department has received a total of 26 applications from companies to support 148 apprentices. The Department continues to market the Program through presentations, collaboration with other internal agencies, webinars, outreach to business chambers and associations and through various business networking opportunities. Additional details about the applications the Department has received and approved during calendar year 2022 are highlighted in section 3 of this report.

2. Eligibility Requirements

Employers are eligible for a credit of up to \$3,500 per apprentice against the taxes imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act. Employers may receive an additional credit of up to \$1,500 for each apprentice if: (1) the apprentice resides in an underserved area; or (2) the employer's principal place of business is located in an underserved area. Employers must apply to the Department for certification. Employers must provide certain supporting information, including but not limited to: (a) the name, age, address, and taxpayer identification number of each qualifying apprentice; (b) the amount of qualified education expenses incurred with respect to each qualifying apprentice, including supporting documentation; (c) the name of the school at which the qualifying apprentice is enrolled; and (d) the total amount of qualified education expenses incurred with respect to each qualified apprentice. Upon satisfactory review of the application materials, the Department is authorized to issue tax credit certificates to the employer.

A qualifying apprentice must be: (a) an Illinois resident; (b) at least 16 at the close of the school year for which a credit is sought; (c) a full-time apprentice enrolled in an apprenticeship program registered with the U.S. Department of Labor during the school year; and (d) employed in Illinois by the taxpaying company. Qualified educational expenses include tuition, book fees, and lab fees. A qualified school means any Illinois public or nonpublic secondary school that is: (a) an institution of higher education providing a program that leads to an industry-recognized postsecondary credential or degree; (b) an entity that carries out programs registered under the

federal National Apprenticeship Act; or (c) another public or private provider of a program of training services, which may include a joint labor-management organization.

3. Apprenticeship Education Expense Program Summary

The Department approved four applications for apprenticeship education expense tax credits during calendar year 2022. These companies incurred \$324,385.52 in educational expenses, at an average of \$4,770.38 per apprentice, and received \$212,557.02 in tax credits associated with the education of 68 apprentices. Of those 68 apprentices, 16 (23.52%) either worked or resided in an underserved area. In calendar year 2021, DCEO approved 10 applications for 47 apprentices incurring \$106,378.19 in educational expenses and approved \$94,778.53 in tax credits. The table below provides the statutorily-required breakdown of tax credits issued for applicant expenditures on qualified educational expenses during calendar year 2022.

Calendar Year Tax Credit Certificates Issued						
Company	NAICS Code	No. of Apprentices	Underserved Area	Total Educ. Expenses	Amount of Credit	Avg. Expenses per Apprentice
Zurich American Insurance Company	524150	59	Yes (12 of 59)	\$310,000.00	\$201,500.00	\$5254.24
Austin Engineering Co., Inc.	541370	4	Yes (4 of 4)	\$3,399.12	\$2,178.02	\$849.78
Kiene Diesel Accessories, Inc.	333517, 334519, 334513	3	No	\$6,200.29	\$4,092.89	\$2,066.76
Wiegel Tool Works, Inc.	332110	2	No	\$4,786.11	\$4,786.11	\$2,393.06
<u>TOTALS</u>		<u>68</u>	<u>16</u>	<u>\$324,385.52</u>	<u>\$212,557.02</u>	<u>\$4,770.38</u>