



# **Western Illinois Works**

**A Legislative Package to Promote Job  
Creation and Economic Growth**

***State Representative Jil Tracy***

## **“NEW JOBS NOW” TAX CREDIT**

State Representative Jil Tracy supports Treasurer Judy Baar Topinka’s proposal to create a “New Jobs Now” Tax Credit (NJNTC) to encourage the creation of new jobs throughout Illinois.

Representative Tracy will introduce legislation creating the “New Jobs Now” Tax Credit. The NJNTC is a five-year program that would provide employers with credits against their state payroll tax liability. The value of the credit would be 50% of the payroll taxes paid per job created. The percentage may be increased to 75% for jobs that provide health care, retirement and other benefits.

Other features and benefits of the “New Jobs Now” Tax Credit include the following:

- NJNTC will provide an incentive for established Illinois employers to add new jobs into the Illinois workforce, and will help ease the additional payroll tax liability entailed in doing so.
- NJNTC will also provide assistance to new Illinois businesses. By easing the burden on young businesses needing to hire employees but typically functioning under significant financial constraints, NJNTC will help make it easier for them to get off the ground.
- NJNTC will also help Illinois small businesses – regardless of their age – to survive and flourish. One of the most common factors contributing to the failure of small businesses is an inadequate supply of capital. By reducing their tax burden, NJNTC will enable more small businesses to remain in business.
- NJNTC will allow businesses to obtain real savings without a slow, burdensome bureaucratic process. Application for and receipt of the tax credit will be swift and streamlined.
- NJNTC rewards the creation of higher-quality jobs that provide benefits including health care and retirement benefits to Illinois workers.

## **ENHANCEMENT OF THE EDGE PROGRAM**

The Illinois Economic Development for a Growing Economy Tax Credit Act (EDGE) has had great success in encouraging the creation of jobs by offering corporate income tax credits to businesses in amounts equal to the “incremental income tax” (income taxes of new employees to be withheld by the employer) associated with the project. However, more can be done to offer smaller employers incentives to expand.

Representative Tracy supports the expansion of the EDGE Tax Credit and the inclusion of Illinois small businesses in the program. To accomplish this goal, Representative

Tracy will introduce legislation amending the EDGE Tax Credit Act to offer, above and beyond tax credits, cash incentives to businesses that create quality jobs and which would rather receive cash subsidies than income tax credits. The legislation will also allow new or expanding employers to receive higher tax credits or cash subsidies if they offer health benefits to their employees. Cash incentives paid out incrementally over a ten-year period for maintaining employment after the jobs are created may be more popular than the current EDGE tax credits. Businesses will still have the option of receiving the tax credits if they so desire.

The State makes no appropriations for EDGE incentives; rather, the current tax credits offered to employers simply reduces GRF funds available to the State. Cash incentives would be no different. EDGE incentives are designed to be revenue neutral in the short term but beneficial in the long-term as it postpones the collection of corporate income taxes in exchange for job creation.

Identical to current law, a business seeking EDGE incentives would still have to create jobs in Illinois prior to becoming eligible for the tax credit or cash incentives. The enhanced EDGE cash incentives would be offered to both established and newly created businesses that seek financial assistance when creating jobs.

A \$5 million investment in property or equipment and the creation of at least 25 jobs currently in the EDGE Act should no longer be prerequisites for EDGE eligibility. Given the current state of the “jobless recovery” of the economy, this legislation would allow any employer who creates jobs to be eligible for the cash or tax credit incentives. Repeal of these investment and job requirements will make EDGE more attractive to smaller businesses and encourage the creation of additional jobs in Western Illinois.

## **COURT REFORM**

Illinois is viewed as a haven for class action lawsuits and other abuses of the civil justice system. Illinois has long-been a target of frivolous lawsuits and is home to three of the nation’s six “Judicial Hellholes.” This reputation has hurt Illinois efforts to retain and create good-paying jobs. Lawsuit abuse affects workers and their families by taking away jobs and raising the costs of healthcare services and the products we buy.

Each year, the U.S. Chamber Institute for Legal Reform (ILR) conducts a study to rank the best to worst legal systems in America. Illinois ranked 45<sup>th</sup> in the 2006 ILR/Harris State Liability Systems Ranking Study, having improved slightly from last year’s 46<sup>th</sup> spot – but still possessing one of the worst legal climates in the U.S.

According to the ILR/Harris Study, an overwhelming 70% of respondents report that the litigation environment in a state could affect important business decisions at their company, such as where to locate or do business. That statistic does not bode well for Illinois, a state in which more than 150,000 manufacturing jobs have been lost in the last five years.

Illinois is ranked in the bottom five in each of the following categories rated by respondents: having and enforcing meaningful venue requirements, treatment of class action suits and mass consolidation suits, punitive damages, judges' impartiality, judges' competence, and juries' fairness.

Unfortunately, Illinois is known nationwide for its "sue-anywhere" venue law. Illinois' weak venue law is what allows lawsuits to flood the Metro East and Cook County. Trial lawyers are notorious for "venue shopping" lawsuits from out-of-state plaintiffs into friendly Illinois courts.

According to a poll of 800 Illinois voters, 80% expressed a need to reform the civil justice system in Illinois and 70% supported the provisions of legislation that would greatly reduce venue shopping (PR Newswire, *Common Sense Courts Coalition Poll Shows Overwhelming Bipartisan Support for Keeping Illinois Courts for Local Cases*, March 8, 2005).

The Chicago Sun-Times stated that venue reform "could do a great deal to speed up legal cases and make the system more equitable for defendants. Illinois should not be known as the Land of Lawsuits." (Chicago Sun-Times, *Unclogging Judicial Hellholes*, March 15, 2005).

The Western Illinois Works Jobs Program calls for reform of Illinois' court system to stop the flagrant venue shopping used by trial lawyers to find friendly judges and courtrooms. Representative Tracy will support legislation such as Senate Bill 1724, known as the Common Sense Courts Act, to put a stop to venue shopping.

State Representative Jil Tracy will work with Illinois businesses and legal reform organizations to pass greater civil justice reform in Illinois. These include reforming the way class action suits are handled and eliminating joint and several liability – so that small businesses aren't faced with closing their doors because they were 1% liable for an injury but 100% liable for all damages.

### **INCREASE FUNDING FOR THE AGRIFIRST PROGRAM**

The Illinois AgriFIRST Program was established in 2001 as the Illinois Department of Agriculture's first economic development program for value-added agriculture. The AgriFIRST Program was created to: lend economic support to farmers to capture higher returns for investment in agricultural initiatives; provide economic support to those who work to expand the food and fiber industry in Illinois; provide grants and technical assistance for new and expanding agriculture-related businesses; and help finance feasibility studies, business and marketing plans, technical advice and other types of financial assistance necessary for value-added agriculture businesses to expand or get started.

The AgriFIRST Program allows the Department of Agriculture to provide technical assistance grants to develop a project to enhance the value of agricultural products or to expand agribusiness in Illinois up to 75% of the cost of the assistance or up to \$25,000. The program also allows the Department to provide grants up to 50% of the cost for undertaking feasibility studies, competitive assessments, and consulting or productivity services that the Department determines might result in the enhancement of value-added products.

The AgriFIRST Program also allows the Department of Agriculture to provide grants for up to 10% of the project's total capital construction cost not to exceed \$5 million. These grants may include, but are not limited to, purchasing land, constructing or refurbishing buildings, purchasing or refurbishing machinery, installation, repairs, labor and working capital.

At the time of its creation, the AgriFIRST Program was expected to reach a state funding level of \$25 million. The program was appropriated \$3 million GRF in FY02. The current funding level for the AgriFIRST Program is only \$826,000 GRF.

Value-added agriculture is a key industry in Downstate Illinois. The Western Illinois Works Jobs Program supports incremental increases in state funding for the AgriFIRST Program to reach a goal of \$25 million to fully implement the program and promote value-added agriculture in Illinois.