



MULTISTATE INCOME/FRANCHISE TAX

Illinois Advancing Innovative Manufacturing credit Tax Alert

Overview

On June 16, 2025, Illinois [House Bill 2755](#) (the “Omnibus Revenue Package” or the “Act”) was signed into law. The Act included many tax related provisions, which are summarized in our [Tax Alert](#) dated June 17, 2025. The Act also amended, expanded, and created several tax related credits and incentives. One new credit authorized by the Act is [Advancing Innovative Manufacturing for Illinois](#) (“AIM”) which is “designed to accelerate manufacturing projects that integrate cutting-edge technologies into their processes.”

This Tax Alert provides more details about the AIM credit.

AIM credit

For tax years beginning on or after January 1, 2026, the Act establishes the Advancing Innovative Manufacturing for Illinois credit, which is a discretionary credit for qualified manufacturers that make a minimum investment of \$10M over five years, with tax credit tiers between 3% - 7%, depending on the size of the capital investment.

- **3%:** Capital investment of at least \$10M and less than \$50M
- **5%:** Capital investment of at least \$50M and less than \$100M
- **7%:** Capital improvement investment of \$100M or more

Under the AIM credit, advanced manufacturing is defined as the practice of using innovative technologies and methods to improve a company's ability to be competitive in the manufacturing sector by optimizing all aspects of the value chain, from concept to end-of-life considerations. Target industries include but are not limited to advanced manufacturing for clean energy ecosystem businesses; life science businesses; food manufacturing; automotive and aerospace manufacturing; machinery manufacturing; fabricated metal manufacturing; chemical manufacturing; and robotics.

The Department of Commerce and Economic Opportunity (“DCEO”) shall adopt rules to enforce and administer the AIM credit. Taxpayers that are awarded and enter into AIM credit agreements with the DCEO are entitled to a credit against taxes imposed under the Illinois Income Tax Act. For taxpayers that are partnerships or S corporations, tax credits will be reported to the partners or

shareholders on their Illinois K-1s. Unused credit may be carried forward for a maximum of 10 years for use in future taxable years.

A taxpayer entering into an AIM credit agreement may not enter into a concurrent tax credit agreement to receive tax credits under AIM with respect to a single address or location. Taxpayers with an existing agreement under another tax credit act, such as the Economic Development for Growing Economy (EDGE) Tax Credit Act, Reimagining Electric Vehicles (REV) in Illinois Tax Credit Act, Manufacturing Illinois Chips for Real Opportunity (MICRO) Act, or Data Center Investment Tax Exemptions and Credits would be ineligible for AIM, unless they terminate any such existing agreements.

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