

**NEW ILLINOIS LAWS IMPACTING MANUFACTURERS**

# **THE ILLINOIS Manufacturer**

[www.ima-net.org](http://www.ima-net.org)

Winter 2016

**Welcome  
IMA Chairman  
William M. Hickey, Jr.  
President,  
Lapham-Hickey  
Steel Corporation**

**Environmental regulations —  
What's in the hopper?**

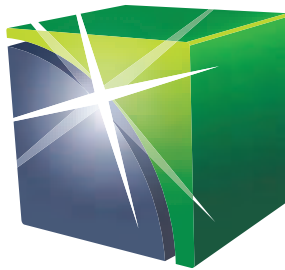
**Hiring veterans — Going beyond  
“Thank you for your service”**

**Winter tax roundup**



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ON CHALLENGING MICRO  
MANUFACTURING JOBS.  
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MEET WITH EXPERTS, AND  
FIND WAYS TO RATCHET  
UP OUR ROUTINE.

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# Winter 2016



## Welcome IMA Chairman William M. Hickey, Jr. 16

Bill Hickey wants to make sure that elected officials in Springfield understand that we need an environment in Illinois that is conducive to manufacturing and business.

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*The Illinois Manufacturer* is underwritten by Constellation — an Exelon Company

## Mission Statement

The object for which the Illinois Manufacturers’ Association was formed is to strengthen the economic, social, environmental and governmental conditions for manufacturing and allied enterprises in the state of Illinois, resulting in an enlarged business base and increased employment.

### Chairman

William M. Hickey, Jr.

### President

Gregory W. Baise

### Editor

Stefany J. Henson

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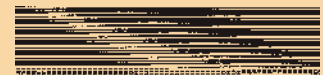
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### Share your company news with IMA . . .

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## Nurturing the manufacturing workforce of the future



This is our “Gold Standard” for manufacturing education in Illinois, and it’s a model we are working to replicate statewide.

I’ve written before about the challenge facing manufacturers in having access to a workforce that is prepared and keeps pace with technological advancements. Each and every year, the average employer across the U.S. is faced with replacing about five percent of their workforce as the retirements of the baby-boom generation expand unimpeded. Closer to home, these retirements will account for more than 25,000 production and 5,000 engineering openings every year through 2027.

The IMA and our Education Foundation have made significant inroads to help relieve the pressure. As I’ve noted in previous issues of *The Illinois Manufacturer*, there are active programs of study for women and men to learn the skills that lead to a successful career in manufacturing. We are partnering with 30 community colleges and 60 high schools on a formal basis and we intend to increase those numbers in the years ahead.

Recently I had the chance to visit two of our partner programs in the northwest suburbs with Jay Timmons, president and CEO of the National Association of Manufacturers and IMA Board Chairman Bill Hickey of Lapham-Hickey Steel. We visited Palatine High School and William Rainey Harper College, both located in Palatine, Illinois, and observed firsthand how private-public partnerships that are focused, intentional and relevant are making a difference.

Imagine, if you will, visiting a typical American high school, except one that includes a complete machine shop, welding facility and foundry. Understand the remarkable significance of a 17-year old girl named Gabby, who — in her junior year — not only is able to operate a CNC mill on her own, but also possesses the ability to confidently set up her machine and create both G and M codes with complete understanding and success! Nearby, students in the school’s Project Lead the Way engineering classes are putting the finishing touches on their school’s first “Battle-Bot” which they designed with CAD and CAM systems. Students are engaged with a first-rate faculty led by Mark Hibner, himself an unbridled bundle of energy dedicated to ensuring his students’ success. But that’s not where this program ends.

Working with Harper College, graduates from High School District 211 can transition to college with up to 21 credit hours, nearly a full year. So aligned are the programs of study between the two that students can graduate with their Associates Degree nearly a full year sooner than others. This is our “Gold Standard” for manufacturing education in Illinois, and it’s a model we are working to replicate statewide.

But we’re not stopping there. We are also working hard to expand programs of study to include occupations needed by both durable and non-durable manufacturers. That’s why we’re beginning to implement apprenticeships for Industrial Maintenance Technicians based on the German dual-system approach. It’s what manufacturers of every sector have encouraged us to bring to Illinois, and working with our partners at the German-American Chamber of Commerce of the Midwest, we’ve done just that.

Our visits to Palatine High School and Harper College were also an important day for manufacturing in our state. Jay Timmons used the occasion to deliver his State of Manufacturing Report for 2016, and his message is a clarion call to all of us.

Mr. Timmons said, “Every day, manufacturers go to work, competing to win. But there remain obstacles to forging an economy that lives up to our people and the potential we can unleash.

“Unavoidable headwinds, global economic weakness and worldwide instability have roiled manufacturing. While these challenges will be slow to change, our leaders have the power to fix other self-imposed barriers: policies in Washington that imperil our promise.

“... it’s time to stop selecting our political candidates based on how they sound, rather than what they can do.”

Timmons went on to focus on developing the workforce. He noted that the average annual salary and benefits for an average manufacturing worker now exceeds \$79,000 . . . \$15,000 more than the national average for other industries. He challenged all of us to engage in an ongoing effort to change the public perception of manufacturing so that every parent knows, and every student knows, that our plants and shop floors are clean, well lit, and provide safe working conditions.

There’s an old saying that a new generation succeeds when it stands on the shoulders of those who came before. I believe that’s true. I also believe we stand at the crossroads of generational change that will carry manufacturing to greater heights in the decades ahead. It is an opportunity none of us can afford to miss. Our future depends on it. ■







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## Become a “Manufacturing Voter” . . .



Educate yourself, family and friends, and colleagues at work, so that informed decisions are made when people enter the voting booth.

The Illinois Manufacturers' Association and National Association of Manufacturers recently partnered on the State of Manufacturing Tour with two stops in Illinois, at Palatine High School and Harper Community College, where we observed the future of advanced manufacturing. We witnessed amazing young women and men engaged in dynamic and innovative education programs that will churn out a highly educated and energized generation of leaders who will lead the manufacturing renaissance. America has a major skills gap to address but the future is bright if we can replicate and expand upon these programs.

It's expected that nationally, America will need 3.4 million new manufacturing workers in the next decade. In Illinois alone, the manufacturing sector employs 570,000 workers but will need to find 26,000 production workers and 5,000 engineers every single year between now and the end of 2027.

Our sector contributes \$2.17 trillion to the U.S. economy including \$100 billion in Illinois where 570,000 workers earn a good living with wages averaging more than \$75,000 per year. Importantly, for every dollar spent in manufacturing, another \$1.40 is added to the economy through the “manufacturing multiplier effect.” As IMA Chairman Bill Hickey often says, “Manufacturing creates wealth in this country.” American manufacturers are building the future every day. (For more about new IMA Chairman Bill Hickey, see page 16 of this issue of *The Illinois Manufacturer* magazine.)

I'm preaching to the choir about the importance of manufacturing. That message, however, has failed to percolate with many of our elected officials, most of who are running for election this year at the state or federal level and will be asking for your vote. I'd bet that every candidate would tell you that they are “pro-jobs” and support manufacturing. In my twenty years working in the legislative and political process, I've failed to find that candidate who claims to be “anti-job growth.” However, too often these elected officials' policy votes actually harm the manufacturing sector of our economy.

My challenge to you is become a “Manufacturing Voter” this year. As we head to the polls, we need to decide which candidates are better prepared to lead us in the right direction and move our state and nation forward. Which candidates truly support job growth and economic development through actions and not just words? Educate yourself, family and friends, and colleagues at work, so that informed decisions are made when people enter the voting booth.

Today's candidates for office are tomorrow's elected officials who will vote on key issues impacting workers' compensation, tax policy, international trade, energy, budgets and pensions, environmental regulations, immigration, education and workforce development, and more. American manufacturers make the best products and successfully compete against anyone in the world if they have a level playing field.

Both the National Association of Manufacturers and the Illinois Manufacturers' Association have developed tools that will help you become a “Manufacturing Voter.” Using our voter guides, take the time to look at your local candidate's actual record on issues impacting manufacturing. Do their actions back up their words? In March, 2016 election information will be available at [www.ima-net.org](http://www.ima-net.org), under the government affairs tab. View the National Association of Manufacturers' “Make Your Vote Matter” video on YouTube at [www.youtube.com/user/NAMvideo](http://www.youtube.com/user/NAMvideo), and learn more at [www.nam.org/electioncenter](http://www.nam.org/electioncenter). Make sure you share this information with other voters who believe in the American manufacturing dream.

Become a “Manufacturing Voter” in 2016. ■

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## Environmental regulations — What's in the hopper?

The year 2015 has been an interesting year regarding the type and amount of environmental regulations that have the potential to impact businesses in Illinois. The following are a few environmental regulations that will be discussed and/or promulgated in the next year:

- Ozone National Ambient Air Quality Standard (O<sub>3</sub> NAAQS)
- Clean Power Plan (CPP)
- Cross State Air Pollution Rule (CSAPR)
- Environmental Justice (EJ)
- Reciprocating Internal Combustion Engine (RICE) MACT
- Ozone Depleting Substances (ODS)
- Nanoscale Materials (Nano)
- Revision of Resource Conservation and Recovery Act (RCRA) Hazardous Waste Regulations

### What does it mean to you?

Most of the above regulatory drivers have the potential of determining whether or not you need environmental air permits and, if you have them, what permit updates/modifications and/or emission controls would be required. One of the keys for any company in addressing potential operational impacts from these air regulations is to review your facility's potential regulated air emission or "Potential to Emit (PTE)" calculations to determine if these new rules cause your permit requirements to change. Furthermore, for those entities that currently do not have an air permit . . . this will assist in determining potential permitting requirements when these rules become effective.

The proposed rules changes may require generators of hazardous waste to manage their wastes differently. From the point of generation (e.g., satellite storage) to the offsite disposal and/or recycling of waste, generators will need to know how these proposed rules changes may

impact their operations and ensure compliance.

## O<sub>3</sub> National Ambient Air Quality Standards (NAAQS)

The USEPA has recently updated the Ozone NAAQS and reduced the allowable level of ozone in the ambient air from 75 to 70 parts per billion (ppb). The EPA's intent is to improve air quality but the impact upon Industry may be significant. This change will cause many areas that have been classified as being in "attainment" for meeting air quality standards with the current Ozone standard to become non-attainment areas under the new standard. This re-designation can have a profound impact on permitting and emission control requirements for regulated entities. For example, this re-designation could adversely impact larger emitting sources causing these sources to become regulated under previously non-applicable rules including:

- Prevention of Significant Deterioration (PSD) Permitting including Best Available Control

Technology (BACT) Analysis and implementation of emissions BACT control measures.

- Non-Attainment New Source Review (NNSR) Permitting including the application of Lowest Achievable Emission Rate (LAER) control systems and obtaining emission offsets to meet imposed limitations/standards.

Air permitting will be more complex, take longer to complete, will have greater scrutiny by the public, and most importantly will be more costly from a capital and operations perspective. Within Illinois, the following counties exceed the new 70 ppb standard: Cook, Lake, McLean, Madison, Jersey, Randolph, and Saint Clair. In addition, there are many new non-attainments throughout the rest of the U.S.

## Regulatory impact upon our electricity and natural gas providers

In recent years the electric utility industry, and to a less extent the natural gas providers, have been impacted by new regulatory issues.

see **REGULATIONS** page 8



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## REGULATIONS

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These include:

- Mercury and Air Toxics Standards (MATS) — impacted the coal combustion sources by adding additional emission controls, switching of fuel from coal to gas, shutdown of older portions of electric fleet;
- Cross-State Air Pollution Rule (CSAPR) and Cooling Water Intake Structure Rule (316(b)) — additional controls for emission of nitrogen oxides (NOx) in 23 states in the eastern U.S. (including Illinois) and addition control on water intake structures on waters of the U.S., both of which impact electric service providers;
- Clean Power Plan (CPP) — Carbon Dioxide (CO<sub>2</sub>) limits for existing and new power generation. Greater dependency on fuels other than coal, potential impact upon electric grid dependability; and
- O<sub>3</sub> Standard — existing facilities may be required to add additional controls, potential retirement of existing coal and/or gas facilities, harder to build new generation in non-attainment areas.

### **Meaning more expensive power! EJ 2020**

EPA has defined environmental justice as, “the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income with respect to the development, implementation and enforcement of environmental laws, regulations, and policies.” They developed a policy entitled “EJ 2020” which is intended to deepen EJ influence in EPA programs by requiring entities to “Collaborate with partners to expand our impact within communities” — more “stakeholders.” Projects will be required to provide documentation to demonstrate progress on outcomes that “matter to communities.” This will have an impact upon permitting by adding additional layers of review and comment which will add at least months to a project’s permitting schedule.

### **Reciprocating Internal Combustion Engines (RICE) NESHAP – 40 CFR 63.6580, Subpart ZZZZ**

The RICE National Emission Standards for Hazardous Air Pollutants (NESHAPs) are one of the

regulations that most companies and even engine vendors are not aware of or fail to recognize the implications. The rule impacts Spark Ignition or Diesel (Compression ignition) Fired Backup/Supplementary Power Generators and Pump Engines. These emission units are differentiated by fuel, size, age, type and use. This regulation is very misunderstood and has very complex requirements. As a result, if you have a RICE, check specific applicability requirements for your intended use. Keep in mind that newer Engines may be subject to additional rules including New Source Performance Standard (NSPS) for those RICE.

### **Ozone Depleting Substances (ODS)**

Purpose of these regulations is to reduce emissions of ODS and substitute refrigerants during service, maintenance, repair and disposal of appliances. The specific regulation is 40 CFR Part 82, Subpart F, which has a prohibition against knowingly venting refrigerant (except those specifically exempted from the rule), requires leak repair and leak prevention for larger systems (for CFCs, HCFCs), provides service practice requirements (for CFCs, HCFCs), and safe disposal requirements (for CFCs, HCFCs).

Currently EPA is extending the requirements of the Refrigerant Management Program to cover substitute refrigerants, including HFCs. Substitutes already exempted from the section 608 venting prohibition would also be exempted from the requirements under this proposed rule (e.g. CO<sub>2</sub>, water, ammonia, nitrogen, etc.). The proposed rules changes include requiring technicians to keep a record of refrigerant recovered during system disposal from systems with a charge size from 5–50 lbs as well as a lowering of leak rate thresholds for which owner/operators of refrigeration and air-conditioning equipment must repair leaks and specific leak inspections or continuous monitoring device of refrigerant/AC systems.

### **Nanomaterials**

Nanomaterials are defined by the EPA as the ability to design, manipulate, and manufacture materials at the nanoscale. EPA researchers are studying the unique chemical and physical features of nanomaterials (such as size, shape, chemical composition, stability, etc.) to help develop predictive models to determine which nanomaterials may pose

a higher probability of risk and those expected to have little impact.

Currently being studied:

- Nano Silver (Ag): used in medical equipment, textiles and cosmetics, fabrics, plastics and other consumer products.
- Carbon (C) Nanotubes: for vehicles or sports equipment, coatings, textiles, polymers, plastics and integrated circuits for electronic components.
- Cerium Dioxide (CeO<sub>2</sub>): used in electronics, plastics, biomedical supplies, energy, fuel additives, and other consumer products.
- Titanium Dioxide (TiO<sub>2</sub>): found in sunscreens, cosmetics, paints and coatings, and electronic devices.
- Iron (Fe): to catalyze the breakdown of chlorinated hydrocarbon compounds that are among the most common toxic contaminants found in hazardous waste sites.
- Micronized Copper (Cu): used as preservatives in pressure treated lumber and in some paints and coatings.

Lastly, at the end of 2015, the EPA issued a new Regulation regarding the use of Microbeads which is defined as any solid plastic particle that <5 millimeters in diameter and is used for the purpose of exfoliation or cleansing. The microbeads have recently been banned for use in the U.S. as outlined in House Bill 1321 and Senate Bill 2425, on December 28, 2015.

### **RCRA**

Proposed rule changes to RCRA have the potential to impact hazardous waste generators and are under development to clarify and consolidate the requirements that apply to each category of hazardous waste generator regulated under RCRA. Some of the proposed rule revisions include:

- Re-designation of generator categories,
- Changes to emergency response requirements,
- Changes to employee training requirement methods,
- Adoption or revised waste determination requirements, and
- Additional record keeping requirements.

*For further information, contact Mostardi Platt at 630-993-2100, [www.mp-mail.com](http://www.mp-mail.com). ■*



# Winter tax roundup: Illinois sales and use tax traps and tips

Illinois sales taxes are collected by sellers on sales within Illinois and use taxes are collected by sellers on sales made from outside the state. These taxes, when correctly computed and collected at the time of sale, do not impact the seller's profits. They are added on to retail sales price and then remitted to the Illinois Department of Revenue less a statutorily authorized fee equal to 1.75 percent of taxes collected, that is retained by the retailer to offset recordkeeping and tax return preparation costs.

However, failure by manufacturers selling at retail to collect the correct amount of sales and use taxes on their sales can lead to significant unexpected tax liabilities. These liabilities as a practical matter may be uncollectible from retail customers, particularly when sales predate by years the assertion of such liability. In light of the current litigious sales and use tax climate in Illinois, retailers are well advised to remain vigilant in efforts to ensure proper collection of tax on their retail sales.

Manufacturers should remain equally vigilant to insure they take advantage of all Illinois credits and exemptions they are entitled to as manufacturers on their purchase of machinery, equipment, raw materials, and supplies. This article reviews recent Illinois sales and use tax litigation in order to highlight tax "traps" to avoid, and addresses recent developments affecting tax exemption and credit opportunities.

## Potential Liabilities: Continuing Public Scrutiny of Sales and Use Tax Collections

In recent years retail sales and use tax collections have been the subject of increasing public scrutiny. Historically, policing compliance with Illinois sales and use tax laws, was the exclusive province of the Illinois Department of Revenue.

However, in addition to Department of Revenue audits, retailers in recent years have had to contend with class action and whistleblower lawsuits challenging their tax collection practices, as well as most recently, lawsuits brought by local governments that share in sales tax revenues collected by the Illinois Department of Revenue.

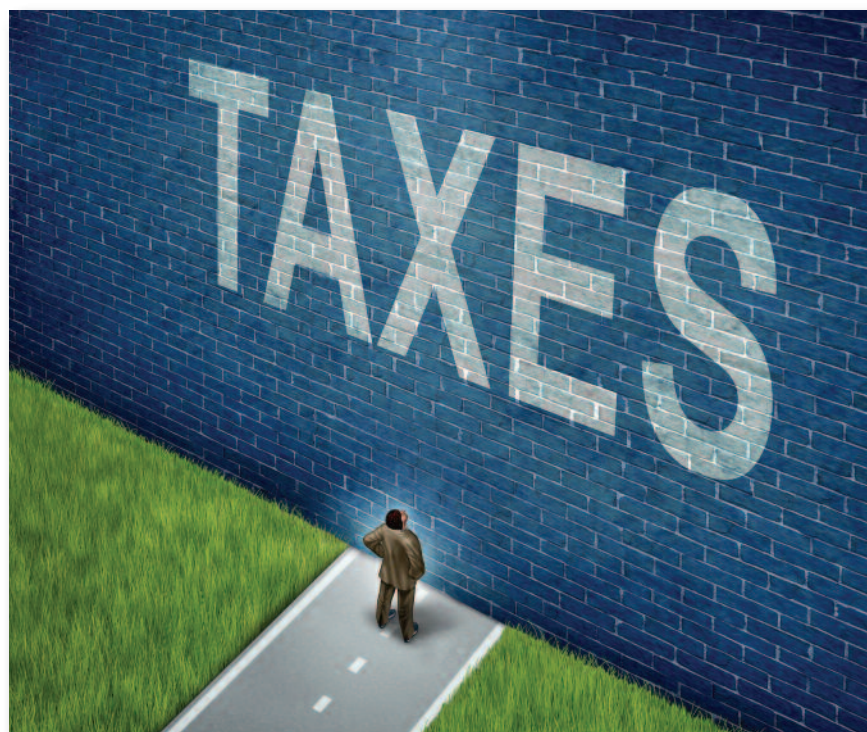
### • "Damned" If You Don't Collect — Whistleblower Suits

Federal and state governments have long authorized and encouraged so-called false claims suits, commonly referred to as "whistleblower" lawsuits. These suits permit an individual with knowledge of an organization's activities to provide information about fraud, corruption or other illegal activity. Whistleblowers are frequently employees, former employees and other individuals who have access to company documents and other internal infor-

mation. If the federal or state government recovers money because of information a whistleblower provides, the whistleblower by statute is entitled to receive a portion of the recovered funds, typically 20 to 30 percent of the amount recovered.

Illinois is one of a handful of states that permit private parties to bring whistleblower suits in connection with recovery of sales/use tax liabilities. A multitude of whistleblower suits were filed, approximately four years ago by an opportunistic Chicago law firm, based on retailers' failure to collect tax on online purchase delivery charges, in the wake of the Illinois Supreme Court's decision in *Kean v. Walmart Stores, Inc.*, 919 N.E. 2d. 926 (Ill. 2009). The court in *Kean* ruled that delivery charges were subject to Illinois Retailers Occupation Taxes (generically "sales tax") when online

see **TAX ROUNDUP** page 12



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# Hiring veterans — Going beyond “Thank you for your service”

By Lida Citroën, LIDA360, LLC



**W**hen a job needs to get done, it needs to get done right. In no industry is that more important than in manufacturing, where accountability, accuracy, and flexibility are critical. For this reason, and many others, manufacturers recognize the value of hiring military veterans for line work, warehouse operations, supply chain management, and leadership positions.

When military members transition to a civilian career, they are not looking for a handout or charity. While veterans certainly appreciate hearing, “Thank you for your service,” they seek more. I have coached hundreds of veterans and active duty military members about to make the transition. The common aspiration I hear is that they want work that leverages their skills and talents and is meaningful. The “meaningful” part of their next career is dominant — at the end of the day, they look for a sense of gratification and satisfaction that their contribution produced a meaningful outcome for themselves, their employer, and the communities they serve.

The talents and values military veterans bring to the civilian workforce are plentiful and compelling. For instance, veterans possess leadership skills unparalleled by most workers. At a young age, a military member will have been given responsibility for hundreds of troops and often multi-million dollar pieces of equipment. Veterans are also highly resilient. They have been trained to adapt to rapid change, work in high stress situations, and stay calm in the face of danger. These skills mean veterans have learned to think on their feet, find resources when faced with challenges, and also use their experience to create solutions instead of waiting for someone else to fix a situation.

Let’s take a look at some of the strategies and tactics successful businesses are deploying to tap into this workforce of talent:

## **Get your company ready for veteran employees**

When your company makes the commitment to hire military veterans, there are a few things you can

do to set yourself up for success. The goal is to position your business and your brand in the best possible light with this audience. Entering this process without thought and intention could lead to disappointing results and a bad perception of your company within the veteran community.

1. Ensure support for your veteran hiring initiative comes from the highest levels in the company. Without top-level support, it may be hard to solicit resources and positioning needed to build a sustainable and scalable program.
2. Find out how many veterans currently work in your company. This sounds simple, but some companies find veterans and military spouses are not self-identifying on job applications. Ask your employees if they have a military background. Even one day in uniform counts!
3. Work with your human resources teams to identify jobs that are right for veterans. Look at the skills, experience, certifications, and training for the jobs you are



recruiting for (or will be) and ask, “is there equivalent military experience that could qualify someone to do this work?”

### Ready your recruiting and on boarding

Attracting military veterans to your company comes by establishing credibility in the veteran community. As mentioned above, most veterans want to work for companies that enable them to do meaningful work. This can be in any facet of manufacturing — from forklift operator and warehouse manager to logistics and supply chain chief. When veterans understand the mission behind the work (Why are we doing this work? Whose life is made better because of our product? How are we serving the needs of an audience?), they contribute at exemplary levels.

1. Look at your recruitment process: Is it adapted to military-specific resumes? If you primarily recruit online, are you asking candidates to indicate military experience?
2. Ensure you are positioning your company to be attractive to veterans; Focus on your values and mission as a company. Veterans are attracted to values (consider the values they ascribed to with their last employer). Position your company as “veteran friendly” on your website and in social media to build your brand position.
3. Train your hiring managers to know the questions to ask veterans (and what not to ask). Teach your teams about the cultural differences between the military and civilian worlds. For instance, in an interview, if a veteran is asked to “describe something you did that you are proud of,” this will cause them internal conflict. The military values collective praise, and if that candidate speaks about success in first person, it can feel like betrayal to those he served along side. Your hiring manager could easily interpret this as insecurity instead of loyalty.
4. Evaluate your hiring pipelines. If your business or facilities are located near military installations, this could be a great recruiting

option. Remember that some who leave military service return home, and that might be far away from their last station. Others will look to stay in the community when they separate or retire, and recruiting them into your company could work very well!

5. When you have hired veteran talent, be sure to on board them in ways that support the opportunities and challenges they bring. For instance, creating affinity groups or support groups in the company for veterans ensures they will be able to find

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Veterans are also highly resilient. They have been trained to adapt to rapid change, work in high stress situations, and stay calm in the face of danger. These skills mean veterans have learned to think on their feet, find resources when faced with challenges, and also use their experience to create solutions instead of waiting for someone else to fix a situation.

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mentors and resources unique to their situation and circumstances. Make this a safe place for them to share and support each other during the job transition. Also, consider training and resources specific to the veteran employee, recognizing that everything from interpersonal communication to the promotion schedule in your industry is different from how it was in the military. Providing books, training, and coaches to help veterans pay dividends in their commitment and excellence on the job.

### Enlist support

Earlier I mentioned taking inventory of your current veteran popula-

tion at your business. They can be invaluable in the development of a robust and sustainable hiring program.

1. Enlist the help of your current veteran employees. Focus groups, hiring events, and social media are great ways to tap into the experience of your veteran employees – today and in the future.
2. Consider getting your vendors and strategic business partners involved in your initiative. Maybe one of them has built a veteran hiring initiative and can help you pave the way. At a minimum, engage their brand in helping you position your company as desiring veteran candidates in the market place.
3. Tap into the resources of local and national veteran service organizations (VSOs). From veteran programs at trade schools, to organizations that feed directly into manufacturing jobs from military, there are VSOs and consultants ready to help you attract and on board your veteran talent.

### Deploy a retention program

While extremely beneficial to the company, hiring and on boarding your veteran employees is time consuming and costly. You want to ensure your talent stays and grows their contribution to the company!

1. Consider veteran-specific recognition programs. Highlight the unique qualities of your former military employees. If they are comfortable with recognition, highlight their success in the company.
2. At every personnel meeting, remind your veteran employees of the importance of the work; tie their contribution to the mission of the business; and whenever possible, show them (literally) the impact their work is having on a consumer or market place.
3. Enlist your veteran employees in the recruiting and on boarding process. Helping their fellow brothers and sisters in arms is part of their military culture.

They will see this as a deepening  
see **HIRING VETERANS** page 12

## HIRING VETERANS

Cont. from page 11

of the company's commitment to veteran employees.

I have spent more than 20 years helping companies build and sustain valuable market positions through branding. Today, I can say with confidence that building a scalable and robust veteran recruiting, on boarding, and retention platform does wonders for employee morale, productivity, community goodwill, and the company brand. ■

*Author Lida Citroën is the Principal and Founder of LIDA360, a branding consultancy firm in Denver. Lida Citroën, has made a career of helping people and companies create new or enhanced identities. She is donating her time, expertise and effort to help returning war veterans learn how to compete in a civilian, particularly corporate, career. Lida works closely with Philadelphia-based, Wall Street Warfighters Foundation and is a volunteer member of ESGR. She is also the author of the best selling book, "Your Next Mission: A personal branding guide for the military-to-civilian transition"*

*(www.YourNextMissionBook.com). Lida is often featured in MSNBC, Entrepreneur Magazine, US News & World Report, Kiplinger's Personal Finance, Fortune Magazine, Forbes.com, Harvard Business Review, and CBS Moneywatch. Lida can be reached at 800-314-5060 or Lida@LIDA360.com. Website: LIDA360.com*

## TAX ROUNDUP

Cont. from page 9

purchasers were required to pay the retailer for delivery, that is where the purchaser did not have an option to pick up the goods or make other arrangements for delivery. This round of whistleblower litigation is winding down as retailers have in the past four years amended their tax collection practices. Nonetheless, false claims actions can be brought up to six years after the date on which the violation of law occurs as compared to the shorter three year statute of limitations period on tax collection actions brought by the Illinois Department of Revenue. Consequently, false claims suits on the delivery charge issue continue to be filed and settled.

Retailers can take heart that an Illinois Department of Revenue sales/use tax audit may immunize them from a false claims action. In June 2014, in the first suit to actually go to trial, a Cook County Circuit Court judge granted a motion to dismiss filed by the defendant, Fansedge Incorporated, an online sports apparel retailer in *Schad, Diamond and Shedden vs. Fansedge Incorporated*, Ill. Cir. Ct. Dckt. No 11L9550. The judge's decision emphasized the credibility of Fansedge's witness, the company's controller. The controller testified he had asked an Illinois Department of Revenue auditor point blank, during the course of one of two Department sales/use tax audits during the period at issue, whether taxes were due on shipping and

handling charges, and been informed by the auditor that the charges were nontaxable. The judge dismissed the complaint based on this testimony finding the plaintiff failed to demonstrate that Fansedge intentionally, knowingly, or recklessly concealed non-collection of tax on its shipping and handling charges.

In mid-September 2015, the Illinois Senate Revenue Committee held general hearings on the False Claims Act in response to public outcry over the recent spate of whistleblower sales tax suits. The Director of the Illinois Department of Revenue, Connie Beard, testified that over 789 whistleblower sales tax cases had been brought against businesses in the last several years. In addition, two small business representatives testified about suits brought against their businesses. One of the businesses was sued even though it had just concluded an Illinois Department of Revenue audit in which it received a \$2000 refund. Both business representatives testified that they were compelled as a practical matter to settle the suits in light of the anticipated expense of litigation, even though they believed they would have been vindicated at trial. The Illinois Senate Revenue Committee has not yet set a date for a further hearings. However, on January 27, 2016, State Senator Pamela J. Althoff introduced SB 2309 into the General Assembly, which would preclude private parties, such as law firms from bringing False Claims Act suits involving sales and use taxes, and instead vest exclusive power to bring such suits in the Illinois Attorney General.

*COMMENT: This taxpayer victory in Fansedge came too late to be of use to the vast majority of retailers that had previously settled suits. Regardless, Illinois retailers can at least take heart from this decision. It supports the position that an Illinois Department of Revenue audit that has squarely addressed a legal issue may immunize the retailer from a subsequent whistleblower suit on this issue. It seems that it is likely only a matter of time before a new round of whistleblower suits is brought by opportunistic law firms or other private parties, on some other legal sales and use tax issue, unless the Illinois General Assembly enacts into law SB 2309 or other legislation prohibiting private parties from bringing whistleblower sales/use tax lawsuits.*

### • "Damned" if You Do Collect — Class Action Lawsuits Filed Against Retailers Collecting Taxes On Delivery Charges and Retailers Collecting Tax on Coupon Sales

In contrast to the *whistleblower suits* filed against online retailers *failing to collect* sales tax on delivery charges, *class action lawsuits* have been filed against retailers for allegedly over-collecting sales tax. Indeed, the *Walmart* litigation was brought as a class action lawsuit by a customer alleging that Walmart had improperly over-collected sales taxes on its delivery charges. In the last few years additional class action lawsuits have been brought against other retailers. These suits include a suit filed in federal court against a national take-out and delivery pizza chain. The suit asserted that the pizza chain improperly collected tax

see **TAX ROUNDUP** page 24



# Changes in overtime rules are coming — Are you ready?

**W**age and hour lawsuits against employers have been on the rise for a long time. In the last decade, the number of cases filed per year under the federal Fair Labor Standards Act (“FLSA”) has increased from 3,606 to 8,016; and this does not include the many cases filed under state wage and hour laws.

Why has this dramatic increase happened? First, these cases often result in class action cases with hundreds or even thousands of plaintiffs. This means greater potential damages, which means greater potential financial recovery for plaintiffs’ lawyers. Second, the FLSA can be a difficult law for employers to navigate and comply with. Typical claims against employers include misclassifying an employee as being exempt from overtime compensation or having the employee perform work “off the clock” and not paying them for that work. Employers can fail to comply with these rules without realizing they are in violation of the FLSA or state wage and hour laws or understanding the significant financial consequences.

As if this is not enough, on June 30, 2015, the U.S. Department of Labor (“DOL”) issued a Notice of Proposed Rulemaking (“Notice”) that will dramatically increase the number of employees eligible to receive overtime compensation; and increase the pool of employees who can be potential plaintiffs. The DOL estimates that 4.6 million additional workers will become eligible for overtime compensation as a result of these changes. The DOL has said that this is a “critical first step toward ensuring that hard-working Americans are compensated fairly and have a chance to get ahead.”

There are a number of tests an employer must consider when deciding if any employee is eligible

for overtime compensation: the salary basis test, the salary level test, and the duties test. The Notice seeks to amend the salary level test for determining eligibility for overtime compensation. Currently, to be eligible for overtime compensation, you must earn a salary less than \$455 per week or \$23,660 per year. The Notice will more than double this threshold to \$970 per week or \$50,440 per year. The Notice would also institute automatic increases so the salary level test will increase with inflation. The practical impact is that all salaried employees making less than \$50,440 will now be eligible for overtime compensation.

Although the precise effective date of these new DOL rules is unknown, it is expected that the new rules will become effective in 2016. We anticipate that the DOL will give employees a relatively short period of time (perhaps 90-120 days) to make the necessary changes to your organization to implement the new rules.

These changes will impact all employers. If you run a restaurant, for example, that manager that makes less than \$50,440 per year who works 60 hours a week will be eligible for 20 hours of overtime per week; same for any workers in retail and first line managers in many other work places who earn less than \$50,440 per year.

All employers will face complicated and challenging issues as a result of the Notice. These issues will impact budgets, operations, staffing and overall company resources. Planning now for these changes will enable a smooth transition when the new rules become effective. Part of this planning should include an audit of all job classifications. Although such an audit should be customized for the specific employer, some things to look for and decisions to make should include the following:

- Are there currently exempt employees who earn less than

see **OVERTIME RULES** page 26



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# New Illinois laws impacting manufacturers

In Illinois, 237 new state laws took effect on January 1st in addition to several dozen that became effective last fall. Following are a list of some new state laws that will have an impact on Illinois manufacturing companies because of changes in tax policy, environmental regulations or labor laws.

The most important bill impacting manufacturers was successfully negotiated by the Illinois Manufacturers' Association and signed into law by Governor Bruce Rauner on December 4. HB 1285 reformed the Unemployment Insurance Act to repeal a 0.3 percent across the board surcharge on employers that was set to take effect on January 1, 2016. The average business in Illinois would have paid approximately \$38 per employee under this tax totaling more than \$470 million annually. In addition, HB 1285 lowered the definition for "misconduct" making it easier for employers to oppose unemployment insurance benefits for employees who were discharged for misconduct.

While many laws took effect, Illinois still has not passed a state budget. As part of this impasse, the Governor and legislators failed to pass an extension of the Research & Development Tax Credit that is tied to the state budget and tax policy. The IMA continues to lead the coalition championing this important tax incentive.

## **Environment and energy** **EPA Hazardous Waste Manifest** **(P.A.99-0055, HB 1015)**

Amends the Environmental Protection Act. Provides that, except to the extent required by federal law, generators and transporters of hazardous waste and facilities accepting hazardous waste are not

required to submit copies of hazardous waste manifests to the Illinois Environmental Protection Agency.

## **EPA-PCB Disposal** **(P.A. 99-0365, HB 1326)**

Prohibits the disposal of manufactured gas plant waste in a municipal solid waste landfill that could leach toxins into groundwater sources, such as the Mahomet Aquifer.

## **EPA Electronic Waste Recycling** **(P.A. 99-0013, HB 1455)**

Amends the Electronics Products Recycling Act. Makes changes to provisions concerning the collection of cathode ray tubes; establishes new annual recycling goals for all manufacturers for program years 2015, 2016, and 2017. Makes various additional changes.

## **Recycling — Solid Waste Management** **(P.A. 99-0306, HB 2495)**

Provides that the Department of Commerce and Economic Opportunity shall work with nationally based consumer groups and trade associations to develop nationally recognized logos which may be used to indicate whether a container and any other consumer products which are claimed to be recyclable by a product manufacturer are recyclable, compostable, or biodegradable. Provides that the Department shall develop and conduct a public education and awareness campaign to encourage the public to look for and buy products in containers which are recyclable or compostable.

## **Clarifies Application Process For Oil And Natural Gas Drilling** **(P.A. 99-0131, HB 3430)**

Requires the Illinois Department of Natural Resources to provide a letter of notification to businesses that are denied a permit to begin drilling for oil or natural gas. Previously, after a 20 day time period passes, applications are automatically denied and no notification as to why is given.

## **State Vehicle Fleet Fuel Requirement** **(P.A. 99-0046, HB 3667)**

Requires that 15 percent of passenger vehicles including dedicated or non-dedicated fuel type vehicles, purchased with State funds shall be vehicles fueled by the specified alternative fuels.

## **Environmental Protection Agency Regulatory Loosening** **(P.A. 99-0089, HB 4007)**

Previously, Illinois law banned the harvesting of runoff. This legislation allows entrepreneurs to extract the runoff from dust suppressants used to produce energy to be harvested for a profit.

## **Mercury Collection Ampoules** **(P.A. 99-0122, SB 679)**

Provides that beginning January 1, 2016, no person shall demolish a commercial building unless (i) all mercury thermostats have been removed from the building and (ii) the person who removed the thermostats from the building has arranged for them to be delivered to a collection site established under this Act.





**State Permits for Pollution Control In Non-Attainment Areas (P.A. 99-0463, SB 1672)**

Allows the Pollution Control Board to develop a state-run permitting program for the purposes of issuing Prevention of Significant Deterioration (PSD) & Nonattainment New Source Review (NA NSR) permits.

**State Permits for Pollution Control In Non-Attainment Areas (P.A. 99-0380, HB 3341)**

Amends the Environmental Protection Act. Provides that "stationary source" "means any building, structure, facility, or installation that emits or may emit any regulated air pollutant or any pollutant listed under Section 112(b) of the Clean Air Act, except those emissions resulting directly from an internal combustion engine for transportation purposes or from a nonroad engine or nonroad vehicle as defined in Section 216 of the Clean Air Act.

**Health care and insurance Right to Try (P.A. 99-0270, HB 1335)**

Gives terminally ill patients access to medicines that have passed Phase 1 of the FDA approval process but are not yet on pharmacy shelves. Allows doctors to prescribe to terminally ill patients medicines currently being used in clinical trials.

**Prescribing of Biosimilar and Interchangeable Medications (P.A. 99-0200, SB 455)**

Allows pharmacists to substitute an interchangeable biological product for a prescribed biological product if the substituted product has been determined by the U.S. FDA to be interchangeable with the prescribed biological product provided that a doctor has not expressly prohibited it and that the patient has been notified of the difference in complexity of biologic medicines to traditional chemically manufactured drugs.

**Limit Employer Reimbursement of Medical Cannabis (P.A. 99-0031, SB 1571)**

Amends the compassionate Use of Medical Cannabis Pilot Program to state that employer or casualty insurance providers are not required to reimburse for costs associated with medical cannabis.

**Insurance Coverage for Infertility (P.A. 99-421, SB 1764)**

Requires insurers offering accident and health insurance to groups

of more than 25 employees to provide coverage for infertility treatments to covered individuals unable to attain a viable pregnancy or maintain a viable pregnancy. Expands the definition of infertility to include individuals unable to conceive after one year of attempting to produce conception and those unable to conceive after diagnosis with a condition affecting fertility.

**Labor and human resources Veterans Preference in Private Employment Act (P.A. 99-0152, HB 3122)**

Allows a private employer to adopt and apply a voluntary veterans' preference employment policy if it meets certain standards.

**Equal Pay Cover All Employers (P.A. 99-0418, HB 3619)**

Amends the Equal Pay Act of 2003 with a two-tiered civil penalty system for employer violations. An employer with fewer than four employees that violates the Act is subject to \$500 for a first offense, \$2,500 for a second offense, and \$5,000 for a third or subsequent offense. An employer with four or more employees is subject to \$2,500 for a first offense, \$3,000 for a second offense, and \$5,000 for a third or subsequent offense.

**Updates The Rules for Shift Worker Overtime Pay (P.A. 99-0017, SB 38)**

Provides that overtime pay rules for alternate shifts do not apply to any employee who is a member of a union recognized by the Illinois Labor Relations Board and whose union has contractually agreed to an alternate shift schedule.

**Private Employment Agencies (P.A. 99-0422, SB 1859)**

Directs the Department of Labor to create and maintain a database of employment agencies with suspended or revoked licenses, requires employment agencies to keep records of their placements longer, and provides whistleblower protection to employees who report misconduct. Also provides for civil penalties for violations.

**Unemployment Insurance (P.A. 99-0488, HB 1285)**

Amends the Unemployment Insurance Act. Deletes certain language regarding an individual's benefit amounts in calendar years 2016 and 2017. In provisions regarding discharge for misconduct, includes a

list of work-related circumstances as misconduct. Sets forth when conduct is grossly negligent. Provides that none of the amount received by an individual as primary social security old age and disability retirement benefits shall constitute disqualifying income. Deletes language regarding increases in the adjusted state experience factor for calendar year 2016. Deletes language adding a surcharge to the contribution rate for certain employers for calendar year 2016.

**Income Withholding Penalty (P.A. 99-0157, HB 3683)**

Provides that if a payor knowingly fails to withhold the amount designated in an income withholding notice, then the payor shall pay a penalty of \$200 (instead of \$100) for each day that the amount designated in the income withholding notice is not paid to the State Disbursement Unit after the period of seven business days has expired. Increases the total penalty to \$20,000 from \$10,000.

**General business/miscellaneous Limitations On Reducing Road Weight Limits (P.A. 99-0237, HB 2580)**

Prohibits a road commissioner from reducing the weight limit of a road unless the reduction is in compliance with the Illinois Highway Code. Creates procedures for widening, altering and vacating a road.

**Illinois Allowance for Crowdfunding (P.A. 099-0182, HB 3429)**

Startup companies in Illinois will now be allowed to use crowdfunding to raise capital to help grow their business. As a result of the 2012 Federal Jobs Act, companies may now use internet websites to grow their business, however some stipulations apply. Certain restrictions apply.

**America's Central Port Deemed Foreign Trade Zone (P.A. 99-0279, HB 3664)**

Raw material that is produced in foreign nations, but imported through America's Central Port District and assembled in Illinois will be tariff free.

**Reduced Regulations On Small Businesses (P.A. 99-0370, HB 3887)**

Aims to identify all state regulations that are unreasonable, unduly burdensome, duplicative or onerous to small business so they can be

see **NEW LAWS** page 26





Lapham-Hickey Steel Corporation, circa 1926

One of William Hickey's goals during his tenure as Chairman of the Illinois Manufacturers' Association (IMA) is to rally Illinois businesses across all industries and sectors. Mr. Hickey would like this collaboration to result in an agreed-upon agenda of priorities that everyone will fight for with a united front.

"Every business group in the

state of Illinois has to have a stake in what's going on here," Mr. Hickey said. "In a state that isn't solvent, a state that doesn't have reasonable expectations in terms of taxation, you're going to have continued economic erosion. Every business is going to be affected if the state's wealth creators decide to go somewhere else."

While this may be a tall order given divergent interests of business in some instances, Mr. Hickey feels that consensus can be reached and progress made toward creating a more favorable economic environment in the state. He also feels that the IMA is well positioned to lead this movement.

"I believe that the IMA has, by far, the strongest voice in Springfield for both manufacturing and business in general," he said. "I think our resources, our personnel, our understanding of how the whole system works, really makes the IMA the premiere business group in the state of Illinois."

William Hickey is the president of Lapham-Hickey Steel Corporation and a third-generation leader of the steel manufacturer. His grandfather, Frank Hickey, founded the company in 1926, along with Edward and Burnham Lapham, and a silent partner, George Clifford, who provided additional investment revenue. They were inspired to take on the venture, and the risk that it entailed, for the same reasons that manufacturers continue to create jobs and bolster the economy today.



Bill Hickey (left) with cut to length operator Frank Tomcza





# Chairman William M. Hickey, Jr. Steel Corporation, Chicago

by Dan Naumovich

"They wanted to be in business for themselves and raise their standard of living — for themselves, their families and their employees," Mr. Hickey said.

Ninety years later, Lapham-Hickey Steel is providing good jobs to approximately 550 employees while creating wealth in seven locations where they operate facilities: Chicago and Madison, Illinois; Oshkosh, Wisconsin; Little Canada, Minnesota; Columbus, Ohio; Pawcatuck, Connecticut; and Philadelphia, Pennsylvania.

While many manufacturers have shut their doors over the past 90 years, causing entire communities to crumble in their wake, Lapham-Hickey Steel has not only survived, they have thrived. A key component to this success is a company-wide commitment to Lean Manufacturing, a method for systematically increasing value to clients by eliminating waste in work processes.

"What you're doing with Lean is eliminating unnecessary steps in any function you're performing for the customer," he said. "If you have steps that add cost, but don't add value, you're impacting not only

your company and customers, but everyone in the chain. So we're constantly talking about how we can become more efficient, how do we become leaner."

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"So we have to make sure that the people in Springfield understand that we have to have an environment in Illinois that is conducive to manufacturing and business. And that's really what the politicians should be thinking about."

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He describes it as an education effort that everyone in the company must understand and buy-into so that they develop a Lean mindset. From management, to foreman, to the people working on the floor, every employee must always be on the lookout for wasteful processes and opportunities for improvements.

"Right now, we're working hard on a major effort to decrease the amount of paperwork throughout

the plant. It's difficult because somebody will always have a reason why we need each particular piece of paper," he said.

One of the reasons this collaborative approach to efficiency, value and profitability is so effective at Lapham-Hickey Steel is that it has remained a family-run business over its 90 years. Although the Lapham brothers left the partnership in the 1950s, the Hickey family now has its fourth generation in leadership roles. Mr. Hickey's son Will, 38, is sales manager at the Minnesota location. Two other children work in the Chicago plant, where Brian, 36, serves as vice president and general manager, while daughter Laura, 30, is MRO manager. (The youngest daughter, Mary Ellen, is a senior marketing manager with Uber.)

Mr. Hickey is grateful to have his children follow him into the family business. He said that dinner table discussions about business and economics while the children were growing up helped to expose them to the real world and instilled in them a strong work ethic.

"Our children are very savvy about  
see **HICKEY** page 18



## HICKEY

Cont. from page 17

economics and what's going on in the world," he said. "They appreciate the opportunity they have here and they understand that the reality is that you have to work in life. That's the way it is. If you want something, you get up and go after it. Nothing is going to just land in your lap."

Unfortunately, many people do harbor the belief that riches can just magically appear out of nowhere. This includes some political leaders. It's this misunderstanding of how wealth is actually created in the state of Illinois that Mr. Hickey hopes to dispel as IMA Chairman.

"When you innovate in manufacturing and create new products and new jobs, you create wealth and drive dramatic change in society that impacts everyone in every imaginable way. You positively impact their standard of living. Where they are able to live — their nutrition and health," he said.

The failure of state leaders to fully appreciate this dynamic has resulted in a business environment that has grown stagnant. Mr. Hickey attributes this mainly to the different ways that the private and public sectors go about raising revenue. For a manufacturer to expand operations and increase revenues, they must produce a product that provides value to the customer. When the government wants to increase expenditures,

they simply reach into the pockets of taxpayers. This, combined with a bureaucracy that often operates in direct opposition to Lean principles for efficiency, has created a situation where businesses struggle to exist.

"In Illinois, there are so many hurdles that businesses must get over that you don't have to cross in other states. So we have to make sure that the people in Springfield understand that we have to have an environment in Illinois that is conducive to manufacturing and business. And that's really what the politicians should be thinking about. They shouldn't be thinking of how they're going to further divvy up the pie because it's going to continue to shrink unless we have more ways to create wealth in the state."

For businesses to expand and create even greater wealth for the state and its people, they must commit to millions of dollars in investments. This is especially true for manufacturers. Mr. Hickey said that finding companies willing to take that type of risk is going to become increasingly rare unless they can have assurance that the state isn't going to go bankrupt or that their ability to be profitable won't be crushed under an increased tax burden.

Despite the long-term loss of manufacturers and dire budget situation in the state, despite the unsustainable government pension systems and bloated government, Mr. Hickey remains optimistic that better days are ahead.

"We're going to solve these prob-

lems. I'm not sure what the solutions will be because many of them are certainly beyond my realm of influence. But they will be solved sooner or later. Because eventually there will be a crisis that is driven by money and when this occurs, you'll see changes. To assume that the state can get by on a credit card forever is an assumption that leaders in Springfield and economic leaders throughout the state have to understand just won't work."

William Hickey graduated from Loyola University New Orleans in 1975, where he studied economics. After satisfying his desire to live outside of the Midwest for a few years, he returned to Illinois where he married his high school sweetheart, Leslie, and started his career in the same month. And today, after more than 40 years on the job, he's starting to reflect on the past and get ready for the next chapter of his life.

"I've been tremendously blessed. I've had an amazing number of opportunities in my life and I'm now enjoying the management transition we're going through in the organization because it's time for the next generation of management, whether they're family or non-family, to take responsibility. We have people with a lot of gray hair like me who are going to be doing some new things in the next few years and I'm excited about that."

He is confident that the next generation of management, which includes three of his four children, will take the company to new heights. But before he downshifts his responsibilities at his company, he's prepared to ramp up his duties in support of organized manufacturing and to bring greater prosperity to the state of Illinois. Mr. Hickey believes he has the team to take the effort to new heights as well.

"The leadership and the people working for IMA are just first class. They bring a high standard to the association that is respected by people in the industrial economy, in the manufacturing economy, and also respected by the people in Springfield. Every one of the legislators who I have talked with had nothing but good things to say about the IMA." ■

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Slitter operator Mike Pilarczyk (left) with Bill Hickey

# Are health insurance expenses stifling your bottom line growth?

**S**even out of ten company executives recently surveyed responded that employee benefit expenses are the biggest factor hindering their growth. As health care costs continue to soar, what can you do to reduce the impact of this expense while still offering a competitive benefits package to your employees?

First, let's take a look at why expenses are climbing so drastically.

- **People are unhealthy** — Fast food, stress, smoking and drinking are lifestyle choices of many Americans. Roughly half the costs of treating chronic diseases, such as heart disease, are attributable to obesity and other preventable bad habits. Chronic diseases like obesity and diabetes account for 75 percent of all healthcare costs.
- **Medical malpractice** — PricewaterhouseCoopers recently estimated that 10 percent of the cost of medical care is a direct result of malpractice lawsuits and defensive healthcare.
- **Misuse of healthcare** — More than half of all healthcare spending, roughly \$1.3 trillion is wasteful according to a study by PricewaterhouseCoopers.
- **Federal programs** — Medicare and Medicaid both underpay healthcare providers relative to their private insurance counterparts, resulting in higher charges and higher premiums for others who use the healthcare system. Cost shifting by Medicare was responsible for a 12.3 percent increase in private health insurance costs over a four year period according to a study in Health Affairs.
- **Health care reform** — Health care reform law includes a massive premium tax on health insurance. This tax is adding to the cost

of coverage for individuals, small business and public program beneficiaries with private insurance. The amount of the tax totaled more than \$8 billion in 2014, increasing to \$14.3 billion by 2018 and will continue to increase as a percentage of premiums.

As an employer, you desire to offer excellent health insurance benefits to your employees. The goals behind offering a robust benefits package are several, including:

- Recruitment of top talent;
- Maximizing employee retention; and
- Alleviating the risk of financial disaster for your employees.

The cost to offer a comprehensive benefit package is becoming an increasingly large burden on your ability to maintain profitability.

Reforming health care laws and practices in the United States and Illinois is obviously one step that we can work towards when it comes to reducing this expense. What else can be done that we have more direct control over?

Some employers have chosen to cut back on benefits. Be it a reduction in contribution strategies, an increase in deductibles, co-insurance or co-payments for employees or an elimination of your health insurance plan altogether, the result is the same. Employees are losing the safety and security offered by employee benefits.

What if I told you it was possible to lower your company's medical premium expense, while providing a similar or better level of coverage

see **HEALTH INSURANCE** page 29



**Blake Erickson** is an Employee Benefits Advisor with Manufacturers Insurance Services of Illinois. MIS and its manufacturers resource platform, MIS 360, is a group purchasing affinity program of the Illinois Manufacturers' Association. For more information, visit [www.mis-360.com](http://www.mis-360.com), email [info@mis-360.com](mailto:info@mis-360.com) or call 855-607-6190.



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# Efficiency Made Easy: One manufacturer's secret to cutting carbon emissions

**A**s a leader in the powder coating and E-coating industry, B.L. Downey Company's success depends on its ability to apply high quality coating systems on time and at a competitive price to its customer partners. Having the ability to process a wide variety of small, medium and large parts at high volumes quickly and consistently is what makes B.L. Downey Company truly unique in the custom coater arena.

Its massive ovens and processing lines can pre-treat, coat and finish parts as large as 50 feet long by nine feet wide and 14 feet tall while at the same time processing millions of small to medium sized parts on one of the dozen powder coating lines or the five E-coat lines.

B.L. Downey Company has been in operation since 1956. The company's 320,000-square-foot facility, in operation since 1956, needed upgrades to improve safety, quality and operational efficiency while reducing its carbon footprint. Its managers wanted to demonstrate a commitment to the environment in an industry where sustainability and continuous improvement matters.

"The green aspect of what we do is very important," said B.L. Downey Company co-owner and president David Wasz. "Some of our larger customers use an incredible amount of liquid paint. If they review the criteria and the factors associated with their finishing choice and determine they are equal, they're likely going to choose e-coat and/or powder instead of liquid paint because it's more environmentally friendly."

Working with Constellation, B.L. Downey Company implemented an Efficiency Made Easy project that allowed it to make approximately \$1 million in upgrades without an upfront capital investment.

Since the project was completed in May 2014, B.L. Downey Company has reduced its electric usage by 10 percent, or approximately 500,000 kilowatts per year, and reduced natural gas usage by more than 350,600 therms annually. Collectively, this reduced its carbon footprint by more than four million pounds per year. That's like taking 382 cars off the road each year or eliminating 93 garbage trucks filled with waste, according to the U.S. EPA's Greenhouse Gas Equivalencies Calculator ([www.epa.gov/energy](http://www.epa.gov/energy)).

Here are three key components of the project that contributed to enhanced performance and improved efficiency.

## Implementing automated temperature controls

B.L. Downey Company's custom coating application technologies demand a uniform temperature curve as each part moves through the over 150-foot-long ovens. Its existing ovens were operated by

manual controls, making them more prone to temperature variations and wasted energy. The exhaust blowers also needed to be manually adjusted for each application and were difficult to control.

The company installed automated temperature controls to enable oven temperatures to be automatically preconfigured to optimize the time at temperature settings for the variety of coating systems being applied to customer parts. This improved temperature uniformity, which optimized quality, throughput, and also reduced natural gas consumption. The plant's combustion air blowers, motors and exhaust fans were also replaced for additional efficiency improvements.

## Upgrading lighting

The facility's lighting still used outdated T12 fluorescent bulbs, which have been discontinued due to their shorter lifespan and inefficient technology. Proper lighting is  
*see EFFICIENCY page 25*



**Kim Weaver** is an Efficiency Made Easy Specialist with **Constellation**, the preferred energy provider for IMA members. For more information, visit [www.constellation.com/IMA](http://www.constellation.com/IMA). Or, you may contact Constellation's Richard Cialabrini at 888-312-1563 or [Richard.cialabrini@exeloncorp.com](mailto:Richard.cialabrini@exeloncorp.com).



## IMA celebrates manufacturing at Annual Luncheon in Chicago

Enbridge President and CEO Al Monaco addressed attendees at the IMA Annual Luncheon in Chicago on December 4, 2015.

**W**hat do you get when approximately 400 Illinois manufacturers, business and legislative leaders gather together in one room?

You get the attention of Illinois U.S. Senator Mark Kirk and Governor Bruce Rauner.

Signaling the importance of manufacturing to the health of the U.S. and Illinois economies, the U.S. Senator and Illinois Governor

addressed the attendees at IMA's Annual Meeting and Luncheon December 4, 2015, at the J.W. Marriott in Chicago.

Sen. Kirk, who sponsored legislation to renew the Export-Import Bank's charter, shared the news that the U.S. Export-Import Bank that finances American exports was reauthorized.

"The Ex-Im Bank is signed, sealed, and delivered," Kirk said, "and that is not being debated. It's in the conference report, it can't be taken out, and it's attached to a \$600 billion transportation bill.

"Whenever you spend money on transportation, you spend money to advantage this economy," he added.

Governor Bruce Rauner thanked Illinois manufacturers for their "persistence" and being "business builders in Illinois."

"Your success is Illinois' success," Rauner said. "You are the foundation of Illinois' economy and I'm all in for you."

Rauner highlighted his commitment to grow Illinois' economy through comprehensive tax reform, regulatory reform, lowering insurance costs and changes to the state's workers' compensation system.

Additionally, the governor stressed his support for expanding

vocational training and the community college system to provide manufacturing with the properly skilled and trained workforce they need to be successful today.

"I want the best vocational, technical training, job training system in America, along with the best K to 12 education system in every school district throughout this state, so you've got a workforce that will kick tails and help you succeed on a massive scale," Rauner said.

The IMA also welcomed keynote speaker Al Monaco, President and CEO of Enbridge, one of the world's largest energy companies, who spoke about Enbridge's role in creating a sustainable, reliable and resilient future for energy development not only the U.S. but in North America.

Monaco said Illinois is the heart of Enbridge's pipeline business. "And as far as we are concerned it is the center of the universe for energy," he added.

Enbridge has invested more than \$2 billion in Illinois with "more to come," Monaco said.

Enbridge spoke about the challenges of developing energy in North America with the rising expectations of the public, communities and regulators.



William M. Hickey, Jr. (left) was welcomed as the new IMA Chairman of the Board by IMA President and CEO Gregory W. Baise (right).



"We believe our response as a company is to strike the right balance to make the transition to a lower carbon emission economy over time."

He challenged the group to continue the discussion asking, "How can we best achieve our collective goal of reducing the impact on the environment while ensuring that we continue to meet society's needs in a sustainable way?"

Among the other special guests were incoming board chairman William Hickey (see page 16) and outgoing chairman Andrew Faville who spoke about how IMA's Education Foundation is answering the call to help students receive the necessary training they need for today's manufacturing jobs through \$150,000 in college scholarships.

"We are fortunate to have so many colleges in this state that understand and support our needs," Faville said.

He also expressed his optimism for a better business climate in Illinois. "We are the best at being the best and while there is much to look at and be disappointed with when considering the overall condition of our state, I know we will persevere and evolve to be successful."

Also at the luncheon, IMA recognized companies celebrating milestone membership anniversaries — 25, 50 and 75 years — with Legacy Awards. This year's recipients are listed below.

The IMA Annual Luncheon would not be possible without the support of our generous sponsors (see box at right). Thank you! ■



Outgoing IMA Chairman Andrew Faville (left) and IMA President and CEO Greg Baise (right) presented Andrew Cretors of C. Cretors & Company with a legacy award honoring the company for 75 years as an IMA member.



Cindy Tomei, President of the Valley Industrial Association, (center) accepted a legacy award honoring the association for 25 years as an IMA member.

## IMA 2015 Annual Luncheon Event Sponsors

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United Airlines  
United Scrap Metal

## IMA Members Receiving Legacy Awards

### 75 Years —

#### Members since 1940

Aurora Metals Division, LLC  
C. Cretors & Company  
Horsehead Corporation  
Northrop Grumman Corporation

### 50 years —

#### Members since 1965

Bimba Manufacturing Company  
Brasel Products, Inc.  
Deublin Company  
Iron-A-Way, Inc.  
Rapid Electroplating Process, Inc.

### 50 years —

#### Members since 1965

Service Stampings  
Illinois, Inc.  
Sponge-Cushion, Inc.  
Sunnyside Corporation  
Waukegan Steel, LLC

### 25 years —

#### Members since 1990

J & M Plating  
Peacock Engineering Company  
Profile Plastics, Inc.  
Riverside Tool & Die Company  
Valley Industrial Association

## 2015 Raffle Prize Donations & Winners

### Airfare Tickets donated by American Airlines

Winner: Dan Potts, Thrall Enterprises

### Popcorn Machine donated by C. Cretors & Company

Winner: Eric Trejo, Bank of America

### Deere Mini Gator donated by John Deere & Company

Winner: Heather Ennis, NWI Forum

### Basket of spirits donated by Diageo

Winner: Jonathan Kocher, Marathon Petroleum Company

### Airfare Tickets donated by United Airlines

Winner: Pauline Glinka, Rapid Electroplating Process

## TAX ROUNDUP

Cont. from page 12

on delivery charges where the purchaser had an option to acquire goods without delivery (i.e. to carry-out the pizza). Other class action lawsuits have been brought claiming that retailers over-collected sales taxes by failing to deduct the amount of store coupons from the tax base on which tax was collected. These suits have generally been settled or otherwise dismissed, although in some instances litigated. In one recent suit the Illinois Appellate Court upheld a retailer's liability for over-collecting sales tax on the portion of the selling price represented by a coupon presented by a customer. *Aliano v. Sears, Roebuck & Co.*, 2015 IL App (1st) 143367 (Dec. 30, 2015). Clearly opportunistic plaintiffs stand ready to file future class action suits when the prospect arises.

*COMMENT: This continued class action litigation emphasizes that retailers cannot simply error on the side of collecting sales taxes on shipping, handling or other charges. Retailers should have procedures in place to carefully scrutinize all customer charges in order to ascertain their taxability, instead of erring on the side of tax collection when in doubt as to taxability of charges.*

- **“Not Damned” . . . But Stay Tuned for the Appeal — Local Sales Tax Lawsuits Brought By Local Illinois Government Authorities**

In three separate but consolidated lawsuits filed in Cook County, Illinois, the City of Chicago the Village of Skokie, the Regional Transportation Authority, and Cook County sued the City of Kankakee, the Village of Channahon and a number of private companies that facilitated the location of retail sales order acceptance offices in Kankakee and Channahon. Relocation of sales order acceptance offices to these municipalities by in-state retailers resulted in the retailers eliminating collection and payment of local sales taxes. In addition, both in-state and out-of-state retailers typically benefitted from sales tax revenue sharing agreements in place with

these municipalities. The sales/use tax revenues at issue were collected by the retailers and remitted to the Illinois Department of Revenue, which then sourced to and distributed a portion of the revenues to these two municipalities based on location of retailer sales order acceptance within their municipal limits.

The dispute here was whether Kankakee and the Village of Channahon were entitled to the tax revenues received from the Department based on the location of the retailers offices in their municipalities. The City of Chicago and the Village of Skokie (the “Chicago plaintiffs”) attempted to amend their complaint to add retailers as defendants. Kimball Anderson of Winston & Strawn LLP, representing Dell Marketing L.P., successfully thwarted this effort in his arguments to the court on behalf of Dell and other retailers based outside Illinois. In a ruling issued on October 9, 2015, the Court ruled that the Chicago plaintiffs did not have a cause of action against any of these companies, noting that there was no dispute that the out-of-state retailers remitted the appropriate taxes due to the Illinois Department of Revenue. The Court reasoned that “[e]mpowering the Chicago Plaintiffs (and, thereby, each of Illinois’ 200 other home rule municipalities) to roam the State indeed, the nation — as tax enforcement vigilantes, suing errant taxpayers and others who actually do not themselves owe the municipality taxes . . . would undercut the legislative allocation of tax collection and distribution to IDOR and would create an expensive, unworkable free-for-all.” On December 11, 2015, the City of Chicago filed an appeal of this decision to the Illinois Appellate Court. The appeal remains pending.

As a side note to this litigation, the Illinois Department of Revenue adopted effective June 24, 2014 new regulations focusing on five primary indicia of selling, rather than just sales order acceptance, in sourcing sales. These factors include location of sales personnel, order acceptance, payment, inventory, and retailer headquarters. If the location of a sale cannot be determined from these factors, six secondary factors

are then considered. The new regulations also include a rebuttable presumption that sales on the worldwide web are sourced outside Illinois. This presumption results in subjecting these sales to Illinois use tax rather than sales tax. Since local use taxes are limited to sales of titled tangible property, such as motor vehicles and airplanes, under this presumption most internet sales will not be subject to local sales/use taxes. The Regional Transportation Authority, whose sales tax collections stand to be adversely affected by this presumption, filed a complaint on June 27, 2015 in Cook County Circuit Court requesting that the new regulations be declared invalid based on the assertion that the internet sales presumption has no statutory basis.

*COMMENT: Taxpayers that located sales order acceptance offices in low Illinois tax jurisdictions in order to minimize local sales taxes due on sales, would be well advised to be ready to defend their historical sourcing of sales. In addition, in light of the Department’s newly adopted regulations, retailer review of sales sourcing is advisable at this time to confirm it remains valid. Out-of-state retailers who previously entered tax sharing agreements and located sales order acceptance offices in Illinois would be well advised to keep an eye on this litigation in order to best monitor potential historical tax liabilities.*

- **Potential Tax Benefits: Illinois Manufacturing Exemption and Manufacturer’s Purchase Credit**

Illinois has long adopted exemptions and credits favoring manufacturers. Current developments regarding these tax benefits are briefly addressed below.

- **Illinois Manufacturing Exemption**

The exemption from sales/use tax for manufacturing machinery and equipment purchases is limited to machinery and equipment that is used directly in the manufacturing process. The exemption does not extend to machinery and equipment indirectly supporting manufacturing activities. For example, machinery and equipment used in the disposal of waste or scrap or in managerial,

see **TAX ROUNDUP** page 27



## EFFICIENCY

Cont. from page 21

essential to meet increasingly high standards for gloss evaluation for the variety of coatings applied, which require specific lighting criteria when reviewing coating gloss on parts. Improving lighting was also an important safety concern. The company upgraded its low-bay lighting inside the plant and also added high-efficiency exterior lights to improve visibility in the parking lot for its employees on the second and third shifts.

This improved visibility and safety. It also had an impact on morale for the plant's approximately 180 employees, many of whom have worked at the plant for more than two decades, Wasz said.

B.L. Downey Company is now a T12-free lighting facility that meets federal efficiency standards.

### Ongoing energy management

To further reduce its carbon footprint, B.L. Downey Company

installed occupancy sensors in common areas and vending machines. As part of a broader energy management strategy, it also has an ongoing relationship with Constellation. Constellation helps B.L. Downey Company monitor its usage and develop a long-term plan for energy procurement based on market projections and its own budget projections.

The facility's owners can access energy management tools and other resources to help them make more informed decisions about their usage and purchasing plans.

Through Constellation's Efficiency Made Easy program, B.L. Downey Company is able to pay for its efficiency upgrades over a five-year period, using the savings it achieves. Those savings have allowed them to keep their operational costs in check and minimize the need to pass increased costs onto their customer-partners.

"The fact we're able to fund this project through EME and pay it back over five years was huge," Wasz said. "We would not have made that investment on our own."

To learn more about how your facility can take charge and implement upgrades through Efficiency Made Easy, visit [constellation.com/TakeCharge](http://constellation.com/TakeCharge). ■

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"We grow in response to client demands for more diverse services. Hodge Dwyer & Driver is a natural fit."

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## OVERTIME RULES

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the new salary level in the proposed rule; does it make sense to pay these employees more to maintain exempt status or should they be converted to non-exempt; how much will that cost if they have to be paid overtime;

- If converted to non-exempt status, how will you manage hours of work to reduce overtime

costs; do you need to hire additional employees; how much will that cost;

- How are you currently tracking hours of employees; does that need to change; do you need to gather information regarding hours worked for planning purposes;
- Since the salary level test will be adjusted each year based on inflation, what impact will that have on the organization;
- Reclassifying an employee as non-exempt will likely have a negative impact on employee

morale; employers need to develop a communication plan and strategy to address this;

- Employers should use the Notice as an opportunity to correct the classification of any exempt jobs that may not meet the duties test; and
  - Is there an impact on an employee's benefits if employers are reclassified as non-exempt?
- Change is coming to all employers. Prudent employers will plan ahead and be ready. ■

## NEW LAWS

Cont. from page 15

streamlined or eliminated. The first review will be completed within one year, with subsequent reviews to take place every five years thereafter.

### **Inform New and Existing Business Owners Via DCEO Website (P.A. 99-0134, SB 659)**

Requires the Department of Commerce and Economic Opportunity to create and maintain a website to help persons wishing to

create new businesses or relocate businesses to Illinois.

### **Temporary Highway Restrictions To Prevent Road Damage (P.A. 99-0168, SB 1704)**

Provides that local authorities may prohibit vehicles or impose restrictions regarding the weight of vehicles to be operated on highways under their jurisdiction, for a total period not to exceed 90 days, when conditions will seriously damage or destroy the highway.

### **Unmanned Aerial Systems Task Force (P.A. 99-0392, SB 44)**

Creates the Unmanned Aerial

System Oversight Task Force.

Provides for the nomination and appointment of membership to the Task Force. Requires the Task Force to consider commercial and private uses of drones, landowner and privacy rights, as well as general rules and regulations for safe operation of drones, and prepare comprehensive recommendations for the safe and lawful operation of Unmanned Aerial Systems in this State. ■

*New law summaries are from the Illinois House GOP Caucus Blog.*

## There's a New Cat in Town...

...For Your Waste Services Needs



*Crystal Clean is one of the fastest growing parts cleaning and industrial waste services providers in the United States.*

Is your shop faced with increasing challenges? Do you wish you could lower your cost, increase your quality of service and have more peace of mind? Crystal Clean, your IMA partner can help.

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## TAX ROUNDUP

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sales or retail activities does not qualify for the exemption. The Illinois Department of Revenue Administrative Hearings Division issued a taxpayer favorable decision in late 2015, Administrative Hearing Decision No. ST 15-11 (Aug. 25, 2015), which extended the manufacturing exemption to paint mixing machines located at a paint manufacturer's retail store locations. The computerized machines combined paint base and colorant, neither of which would have been sold separately, in order to create the desired paint color purchased by the retail customer. The Department claimed that the paint mixing machines did not qualify for the manufacturing exemption based on the argument that the exemption is limited to machinery located at the manufacturing plant. Administrative Law Judge John White refused to accept the Department's argument. He ruled that because this machinery was manufacturing machinery that effected a direct and immediate physical change to the property sold to customers, the machinery qualified for exemption from tax, regardless of where it was located.

- **Manufacturer's Purchase Credit**

Beginning September 1, 2004, qualifying manufacturers could earn a Manufacturer's Purchase Credit ("MPC"). The MPC was earned when a manufacturer purchases manufacturing or graphic arts machinery and equipment that qualifies for the existing sales/use tax exemptions. MPC could be used to pay state sales or use tax on future purchases of qualifying production-related tangible personal property such as supplies and materials used in manufacturing, including fuels, coolants, solvents, oils, lubricants, cleaners, adhesives, hand tools, protective apparel and safety equipment. Statutory authority for the MPC lapsed and consequently MPC has not been earned on purchases of manufacturing machinery and equipment after August 30, 2014. However, Illinois businesses and business associations continue to advocate for reenactment of the MPC. It is very possible that the MPC will be reenacted once the current budget impasse is resolved in Springfield.

- **Corporate Aircraft Exemption**

Corporate aircraft acquired by manufacturers can be exempt from Illinois sales and use taxes under Illinois' so-called "rolling stock exemption." Under this exemption, aircraft used to transport passengers or freight for hire within interstate commerce are not subject to tax. This exemption clearly applies to aircraft acquired and used by commercial airlines. However, the exemption can also extend to corporate aircraft. This happens when corporate aircraft owners, in order to help defray the expense of maintaining a corporate aircraft, lend out their aircraft to charter aircraft operators for use in transporting passengers for hire within interstate commerce. Prior to January 1, 2014 it was unclear how much use of the aircraft for hire was needed in order to secure the rolling stock exemption. Effective for aircraft purchased on and after January 1, 2014, the Illinois General Assembly amended Illinois law to clarify that more than 50 percent of aircraft use must be for hire in order for the exemption to apply. The aircraft owner must elect to use either a trips or mileage methodology on an annual basis to determine if the 50 percent threshold is met. Once the election is made, the same test must be used for the duration of aircraft ownership. Aircraft that fall below this threshold in any year no longer qualify for the

exemption and are subject to Illinois use tax at that point.

*COMMENT: The recent Illinois administrative decision extending the manufacturing exemption to machinery and equipment located at a remote site separate from the main manufacturing plant should be of great interest to manufacturers. This decision will likely have increasing impact on manufacturers in years to come as they follow the trend of engaging in decentralized manufacturing in order to best customize products, ranging from clothing to eyeglasses to pharmaceuticals, to meet individual customer needs.*

**Conclusion: Vigilance Required to Ensure Traps Avoided and Benefits Secured**

Given the very real public scrutiny to which sales tax collections are subject in Illinois, manufacturers selling at retail must be vigilant to insure they collect the right amount of tax on the appropriate tax base at the appropriate tax rate. Manufacturers should similarly insure that they remain fully apprised of and take advantage of tax exemptions and credits to which they are entitled on their purchases. When there is any doubt regarding the appropriate tax to collect, or tax benefits to which they are entitled, manufacturers would be well advised to seek the advice of outside counsel. ■

Illinois Manufacturers' Association

# Business Day at the Capitol

Wednesday  
May 11, 2016  
Springfield

Mark your calendar and plan to attend — visit the calendar of events at [www.ima-net.org](http://www.ima-net.org) to register today!

### Horizon Pharma plc selected as one of Chicago Tribune's Top Workplaces in 2015

Horizon Pharma plc, a biopharmaceutical company focused on improving patients' lives by identifying, developing, acquiring and commercializing differentiated and accessible medicines that address unmet medical needs, recently announced that it has been selected as one of the *Chicago Tribune's* 2015 Top 40 Small-to-Medium Sized Workplaces.

"It is a great honor to be recognized by the *Chicago Tribune* as one of the Top Workplaces this year," said Timothy P. Walbert, chairman, president and chief executive officer. "We take great pride in fostering a culture of empowerment and accountability, which is a model our employees embrace. Their talent and passion are integral to our identity and truly make Horizon a great place to work."

The *Chicago Tribune* Top Workplaces survey recognizes Chicago-area organizations that have created exceptional places to work and is based solely on results from an employee feedback survey. The survey was administered by WorkplaceDynamics, LLC.

IMA member Horizon Pharma plc's global headquarters are in Dublin, Ireland and U.S. headquarters are in Deerfield, Illinois. For more information, please visit [www.horizonpharma.com](http://www.horizonpharma.com).



### Background searches, drug screening services for manufacturers

IMA member Third Vision Background Searches & Consulting is a professional background search firm specializing in all aspects of background searches, tenant and criminal checks, drug screening and other investigative and employment services needed. Third Vision helps clients with customized solutions in their background screening process.

Third Vision Background Searches offers a background and screening process that integrates

technology, data quality, process integrity and personal attention to the client's objectives. Successes are based upon using the best and most accurate data available to implement the background report process. Timely and confidential reports are guaranteed every time.

Owner Christine Mahoney is a certified Skip Tracer and Background Records Investigator certified by the Association of Background Screeners. Christine is very detail oriented and acutely aware of the sensitive nature of the information required by her client base.

Third Vision Background Searches and Consulting is well equipped to provide the value added services clients require. Their goal is to help keep you informed and in compliance. Protecting you and your business is a must! Applicants must sign a release allowing a background search or credit check to be performed. Third Vision provides you with all necessary forms needed to conduct a proper background screen.



### IMA member Dynegy, Inc. honored with Advanced Energy for Life Clean Coal Award

Peabody honors coal-fueled power plants for top global and U.S. environmental performance with its Advanced Energy for Life Clean Coal Awards. Global award recipients include Dynegy, Inc. in the United States, Korea Southeast Power Co. (KOSep) in South Korea, and Trianel Kohlekraftwerk Lünen GmbH & Co KG (Trianel) in Germany.

Honors were based on the lowest sulfur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>) emissions rates as well as the best heat rate, a measure of a plant's efficiency, which results in a lower carbon footprint.

Honorees included IMA member Dynegy Inc.'s Coffeen Plant, being honored both globally and in the United States for the lowest emissions profile for SO<sub>2</sub>. The Coffeen plant has an SO<sub>2</sub> emissions rate that is 99 percent lower than the U.S. coal plant average. The 915

megawatt power plant operates in Central Illinois and is 50 years old. Dynegy, Inc. uses low-sulfur Powder River Basin coal and added a wet scrubber in 2009.

"At a time of heightened global discussion about the benefits of advanced coal technologies, Peabody is proud to showcase clean energy solutions that achieve meaningful emissions improvement," Peabody Energy President and Chief Executive Officer Glenn Kellow said. "These plants are demonstrating the best results worldwide and offer a powerful model to achieve our global environmental goals."

Coal fuels 40 percent of the world's electricity and is approaching oil as the world's largest energy source. Approximately one new 500 megawatt power plant comes online around the world every three days.

Turning coal into electricity enables the first rung of environmental improvement through energy by eliminating harmful localized burning of biomass. Today's clean coal technologies enable substantial further improvements in air quality by reducing the vast majority of SO<sub>2</sub>, NO<sub>x</sub>, particulate matter, mercury and other emissions. High-efficiency low emissions (HELE) plants with supercritical technologies reduce the carbon dioxide emissions rate by as much as 25 percent. Longer term, investments in next generation carbon capture, use and storage technologies are necessary to transition to the ultimate goal of near-zero emissions from coal-fueled power. Peabody Energy is also an IMA member company.



### IMA member HeplerBroom expands Springfield office

Illinois and Missouri litigation firm HeplerBroom was joined by the Springfield-based environmental attorneys of Hodge Dwyer & Driver on January 1, 2016, as the firm expands its Springfield office. Together with its 120 attorneys situated in key jurisdictions, HeplerBroom can now add environmental legal representation to the



broad services currently provided to a wide variety of clients across many industries in the Midwest.

"We grow in response to client demands for more diverse services. We've worked well with the firm in the past. Hodge Dwyer & Driver's environmental regulatory and litigation skills are a natural fit as we diversify our offerings," said Larry Hepler of HeplerBroom. "The firm brings extensive regulatory talent to bear for our clients who have operations in Illinois and Missouri or companies who are considering expanding into these states."

Businesses are faced with the challenge of complying with extensive and complicated national, state and local environmental regulations. With the addition of Hodge Dwyer & Driver, HeplerBroom can now be in close touch with regulators in Springfield and Chicago. If disputes in any part of Illinois cannot be resolved at the agency level and litigation results, Hodge Dwyer & Driver now

finds increased depth with the entire HeplerBroom litigation team.

Founded in 1894, IMA member HeplerBroom has grown rapidly in the past 10 years to 120 lawyers in Chicago, Springfield, Edwardsville (Madison County) and St. Louis. The firm's trial lawyers represent defendants in Illinois and Missouri.



### **National honors for FONA International, one of 101 Best & Brightest Companies to Work For**

FONA International, family-owned creator and manufacturer of complete flavor solutions, was named a National Best & Brightest Company to Work For by the National Association of Business Resources (NABR). Earlier this year, FONA was also named Chicago's 101 Best and Brightest Companies to Work For and took home an Elite Award for Compensation, Benefits and Employee Solutions.

"We are honored to receive this national recognition. I think it is a reflection of FONA's remarkable values-centered culture and its commitment to its incredible employees," said Tonya Hubbart, Human Resources Director.

To earn the title National Best & Brightest Company to Work For, FONA was assessed by an independent research firm which reviewed a number of key measurements.

Founded in 1987, IMA member FONA International creates and manufactures flavors for many of the largest food, beverage, nutraceutical and pharmaceutical companies in the world. At its state-of-the-art, 33-acre campus in Geneva, Illinois, FONA International has established a reputation as the forward-thinking, independent solution provider in the very competitive flavor industry.



## **HEALTH INSURANCE**

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and at the same time, drastically reducing the risk of financial ruin to your staff should the unexpected happen? Would you call me crazy? Some might, others will read on.

Let's look at a typical scenario to lay the groundwork for the concept I'm about to introduce. You offer a robust PPO plan option with a low deductible. The premiums have sky rocketed in recent years and you understand now that your options coming up are either to increase your plan deductible or to have the employees contribute more of their paycheck towards the premium. You also offer a Dental plan for your employees and you pay for 50 percent of the premium on the dental plan.

What if I told you there was a way to offer the higher deductible health plan to your employees, reducing your premium, continue to offer your dental plan and at the same time reduce your employees exposure for this new higher

deductible health plan. The fact of the matter is that it can be done, and there are several ways to accomplish this.

You could attempt to execute this strategy with the utilization of a health reimbursement account (HRA) or by funding a portion of a health savings account (HSA) if utilizing a high deductible health plan (HDHP). While these are both excellent strategies, typically, executing just these strategies will not be enough to move the ticker on your bottom line more than a nanometer or two.

If you consider offering additional ancillary benefits like hospital indemnity, critical illness, accident or cancer benefits, and couple that with a higher deductible health plan, you will have effectively lowered your premium expense, increased your employees expenses minimally, and drastically reduced the exposure for financial ruin. These types of programs can be implemented both as voluntary (employee paid) or involuntary (employer paid) or any combination in between.

In my experience, employees who are willing to pay for dental

insurance coverage are typically going to purchase dental coverage regardless of the price. I don't know about you, but I've never come across an individual that has lost their house and wound up in financial ruin because they needed to get a tooth pulled. On the other hand, I know more people than I'd like to admit that have experienced dire financial hardship due to a major medical occurrence such as cancer. (Did you know that one out of two men and one out of three women will be diagnosed with cancer in their lifetime?)

Before you make the decision that you need to cut back on employee benefits health insurance coverage or premium contributions for your employees, make sure you explore all the alternatives. Not only do voluntary benefits offer you and your staff the ability to offset the drastically rising premium costs of major medical insurance, it also delivers your staff the ability to control their financial future regardless of the medical hardships they may experience. ■

## New IMA members

### ACCENT GROUP SOLUTIONS

St. Louis, MO

### ARO METAL STAMPING COMPANY, INC.

Roselle

### CHICAGO SIGN DESIGNS

Elk Grove Village

### ELECTRICAL ENGINEERING CONSULTANTS

Aurora

### FLEXITECH, INC.

Bloomington

### FPM, LLC

Elk Grove Village

### MARO CARTON, INC.

Bellwood

### MOSTARDI PLATT

Elmhurst

### PERFORMANCE STAMPING COMPANY, INC.

Carpentersville

### PORTE BROWN, LLC

Elk Grove Village

### PROGRIO

Rock Island

### RELADYNE, LLC

Elk Grove Village

### STANDARD RUBBER PRODUCTS COMPANY

Elk Grove Village

### T/CCI MANUFACTURING, LLC

Decatur

### TWM ENVIRO

LaGrange

### UNION IRON WORKS

Decatur

## 2016 Calendar of events

Wednesday, March 2, 2016

### DIOSH DAY 2016

Peoria Civic Center, Peoria, 7:00 am–3:45 pm  
— For information visit [www.DIOSHDAY.com](http://www.DIOSHDAY.com)  
or call 877-346-7432.

Wednesday, March 16, 2016

### IMA Breakfast Briefing:

#### Financial Risks & Trade Finance

Mon Ami Gabi Restaurant, Oak Brook,  
8:00-10:30am

Presented by: Bank of America

*Sponsorship opportunities are available.*

Thursday, April 14, 2016

### IMA Breakfast Briefing:

#### OSHA: Machine Guarding & Lockout/Tagout

Ditka's Restaurant, Oakbrook Terrace,  
8:00-10:30am

Presented by: Mostardi Platt

Breakfast sponsor: Rockford Area Economic  
Development Council

April 27–May 7, 2016

### Africa Health and Matchmaking in South Africa and Lusaka, Johannesburg, South Africa — [africahealthexhibition.com](http://africahealthexhibition.com)

Africa Health is the continent's largest  
healthcare exhibition and is the leading  
platform for the industry to meet, learn,  
and do business. The exhibition will

attract more than 7,000 healthcare pro-  
fessionals and host 500 of the world's  
leading healthcare suppliers, manufactur-  
ers, and service providers. Contact Sam  
Ntum, 312-814-8480,  
[sam.ntum@illinois.gov](mailto:sam.ntum@illinois.gov).

May 3-5, 2016

### FABTECH Mexico

#### Mexico City, Mexico

#### [www.fabtechmexico.com](http://www.fabtechmexico.com)

FABTECH Mexico, co-located with AWS  
Weldmex, METALFORM Mexico, and  
COATech, continues to be the leading  
metal manufacturing event in Mexico  
and will bring together more than 575  
exhibitors and cover 140,000 net square  
feet of show floor. Over 13,000 attendees  
from Mexico and South America will  
converge on the Centro Banamex to net-  
work, learn, and experience the latest  
innovations in the metal forming, fabri-  
cating, welding, and finishing industries.  
Contact Tom Hagle, 312-814-4959,  
[tom.hagle@illinois.gov](mailto:tom.hagle@illinois.gov).

Wednesday, May 11, 2016

### IMA's Business Day at the Capitol 2016

Springfield, Illinois

*Sponsorship opportunities are available.*

Thursday, May 12 2016

### IMA Breakfast Briefing:

#### Energy Update

Location TBD – Oak Brook area,  
8:00-10:30 am, Presented by: Constellation  
*Sponsorship opportunities are available.*

Friday, October 7, 2016

### Manufacturing Day

Save the date and plan to participate in  
Manufacturing Day 2016. Contact NAM  
Director of Public Affairs and Grassroots  
Advocacy Chris Glen at 202-637-3121,  
[cglen@nam.org](mailto:cglen@nam.org).

November 2-3, 2016

### Midwest Environmental Compliance Conference (MECC)

Chicago Marriott O'Hare

This conference, will provide a regional per-  
spective on the RCRA, Air and Wastewater  
compliance issues you care about every day,  
including enforcement and policy/regulation  
changes — [meccconference.com/chicago-november-2-3-2016](http://meccconference.com/chicago-november-2-3-2016)

Visit <http://www.ima-net.org/calendar-of-events> for information, pricing, registration, etc., related to all IMA events.  
For more information on IMA events, contact Kimberly McNamara at [kmcnamara@ima-net.org](mailto:kmcnamara@ima-net.org), 800-875-4462, ext. 9371



# Is Your Employee Handbook Up To Date?

## THINK AGAIN!

Federal & state laws made 20+ handbook revisions in the last 24 months.  
Does your handbook contain these?



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### THE 3 MOST CRITICAL ITEMS WE FIND MISSING & MISSTATED IN HANDBOOKS

Missing items are not always the biggest problem. Inaccurate information and misstating the law can be just as big of an issue.

1

The absence of needed information specificity on electronic communications usage, social media, and privacy/search related issues.

2

Failure to properly address the leave of absence state and federal requirements applicable to a business based on the size of the employer.

3

Inaccurate & misstated wage and hour requirements that state specific meal and rest periods, timekeeping, etc.

One of the most important things to consider for your business is an Employee Handbook. Out of date handbooks and misstated or incorrect information could have a devastating financial affect on your business. A sound handbook is your company's best defense against wasted time in court and thousands of dollars in lawyer fees.

But before you invest in a handbook, make sure the one you're buying is trustworthy and current! Many websites offer you a one-size-fits-all approach to handbooks. The problem? One size does not fit all.

Once you use our service, you have the opportunity to keep it "Evergreen". This means that every year, as a client of ours, you will receive the Federal and State required annual Labor Law updates to incorporate into your handbook, ensuring it's up to date with the law... completely free of charge. This includes:

- A review process that is designed for the ease of your business.
- Provided to you at a significant discount, because you are a client of ours.
- Delivery of a quality handbook by one of the top labor law firms in the nation.

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