

# SB3527



## 100TH GENERAL ASSEMBLY

### State of Illinois

2017 and 2018

SB3527

Introduced 2/16/2018, by Sen. Steve Stadelman

#### SYNOPSIS AS INTRODUCED:

35 ILCS 5/221  
215 ILCS 5/409.1 new

Amends the Illinois Income Tax Act. Provides that taxpayers of a qualified historic structure located in a River Edge Redevelopment Zone shall be allowed a tax credit against certain provisions of the Illinois Insurance Code during a 48-month period. Provides that a taxpayer is required to provide a third-party cost certification regarding costs attributable to the rehabilitation of a historic building when the costs exceed \$200,000. Defines "phased rehabilitation" and "placed in service". Amends the Illinois Insurance Code. Makes conforming changes. Effective immediately.

LRB100 20468 HLH 35824 b

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Income Tax Act is amended by  
5 changing Section 221 as follows:

6 (35 ILCS 5/221)

7 Sec. 221. Rehabilitation costs; qualified historic  
8 properties; River Edge Redevelopment Zone.

9 (a) For taxable years beginning on or after January 1, 2012  
10 and ending prior to January 1, 2022, there shall be allowed a  
11 tax credit against (i) the tax imposed by subsections (a) and  
12 (b) of Section 201 and (ii) taxes imposed under Section 409,  
13 413, 444, and 444.1 of the Illinois Insurance Code in an amount  
14 equal to 25% of qualified expenditures incurred by a qualified  
15 taxpayer during a 48-month period selected by the taxpayer ~~the~~  
16 ~~taxable year~~ in the restoration and preservation of a qualified  
17 historic structure located in a River Edge Redevelopment Zone  
18 pursuant to a qualified rehabilitation plan, provided that the  
19 total amount of such expenditures (i) must equal \$5,000 or more  
20 and (ii) must exceed 50% of the purchase price of the property.  
21 The tax credit shall be allowed in the tax year the qualified  
22 historic structure is placed in service; except in the case of  
23 a phased rehabilitation, where the tax credit shall be allowed

1 in each tax year that a phase is placed in service.

2 (b) To obtain a tax credit pursuant to this Section, the  
3 taxpayer must apply with the Department of Commerce and  
4 Economic Opportunity. The Department of Commerce and Economic  
5 Opportunity shall require the taxpayer to provide a third-party  
6 cost certification by a certified public accountant of the  
7 actual costs attributed to the rehabilitation of the historic  
8 building when qualified rehabilitation expenditures exceed  
9 \$200,000. ~~The Department of Commerce and Economic Opportunity,~~  
10 ~~in consultation with the Historic Preservation Agency, shall~~  
11 ~~determine the amount of eligible rehabilitation costs and~~  
12 ~~expenses. The Historic Preservation Agency shall determine~~  
13 ~~whether the rehabilitation is consistent with the standards of~~  
14 ~~the Secretary of the United States Department of the Interior~~  
15 ~~for rehabilitation.~~ Upon completion and review of the project,  
16 the Department of Commerce and Economic Opportunity shall issue  
17 a certificate in the amount of the eligible credits. At the  
18 time the certificate is issued, an issuance fee up to the  
19 maximum amount of 2% of the amount of the credits issued by the  
20 certificate may be collected from the applicant to administer  
21 the provisions of this Section. If collected, this issuance fee  
22 shall be deposited into the Historic Property Administrative  
23 Fund, a special fund created in the State treasury. Subject to  
24 appropriation, moneys in the Historic Property Administrative  
25 Fund shall be evenly divided between the Department of Commerce  
26 and Economic Opportunity and the Historic Preservation Agency

1 to reimburse the Department of Commerce and Economic  
2 Opportunity and the Historic Preservation Agency for the costs  
3 associated with administering this Section. The taxpayer must  
4 attach the certificate to the tax return on which the credits  
5 are to be claimed. The Department of Commerce and Economic  
6 Opportunity may adopt rules to implement this Section.

7 (c) The tax credit under this Section may not reduce the  
8 taxpayer's liability to less than zero. If the amount of the  
9 credit exceeds the tax liability for the year, the excess may  
10 be carried forward and applied to the tax liability of the 5  
11 taxable years following the excess credit year retroactive for  
12 any tax credit generated for taxable years beginning on or  
13 after January 1, 2012.

14 (d) As used in this Section, the following terms have the  
15 following meanings.

16 "Phased rehabilitation" means a phased rehabilitation as  
17 defined in item (ii) of subparagraph (b) of paragraph (1) of  
18 subsection (c) of Section 47 of the federal Internal Revenue  
19 Code.

20 "Placed in service" means the date the structure was placed  
21 in service for purposes of paragraph (1) of subsection (a) of  
22 Section 47 of the federal Internal Revenue Code.

23 "Qualified expenditure" means all the costs and expenses  
24 defined as qualified rehabilitation expenditures under Section  
25 47 of the federal Internal Revenue Code that were incurred in  
26 connection with a qualified historic structure.

1 "Qualified historic structure" means a certified historic  
2 structure as defined under Section 47(c)(3) of the federal  
3 Internal Revenue Code.

4 "Qualified rehabilitation plan" means a project that is  
5 approved by the Historic Preservation Agency as being  
6 consistent with the standards in effect on the effective date  
7 of this amendatory Act of the 97th General Assembly for  
8 rehabilitation as adopted by the federal Secretary of the  
9 Interior.

10 "Qualified taxpayer" means the owner of the qualified  
11 historic structure or any other person who qualifies for the  
12 federal rehabilitation credit allowed by Section 47 of the  
13 federal Internal Revenue Code with respect to that qualified  
14 historic structure. Partners, shareholders of subchapter S  
15 corporations, and owners of limited liability companies (if the  
16 limited liability company is treated as a partnership for  
17 purposes of federal and State income taxation) are entitled to  
18 a credit under this Section to be determined in accordance with  
19 the determination of income and distributive share of income  
20 under Sections 702 and 703 and subchapter S of the Internal  
21 Revenue Code, provided that credits granted to a partnership, a  
22 limited liability company taxed as a partnership, or other  
23 multiple owners of property shall be passed through to the  
24 partners, members, or owners respectively on a pro rata basis  
25 or pursuant to an executed agreement among the partners,  
26 members, or owners documenting any alternate distribution

1 method.

2 (Source: P.A. 99-914, eff. 12-20-16; 100-236, eff. 8-18-17.)

3 Section 10. The Illinois Insurance Code is amended by  
4 adding Section 409.1 as follows:

5 (215 ILCS 5/409.1 new)

6 Sec. 409.1. River Edge Redevelopment Zone Rehabilitation  
7 credit. For taxes payable after January 1, 2018, credit may be  
8 granted against the taxes imposed under Sections 409, 413, 444,  
9 and 444.1 of this Act as provided in Section 221 of the  
10 Illinois Income Tax Act.

11 Section 99. Effective date. This Act takes effect upon  
12 becoming law.