



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB6054

Introduced 2/10/2010, by Rep. Arthur L. Turner

SYNOPSIS AS INTRODUCED:

20 ILCS 3805/7.28
35 ILCS 5/214

Amends the Illinois Income Tax Act. Removes language providing that the tax credit for affordable housing donations sunsets on December 31, 2011. Provides that the credit is exempt from the Act's automatic sunset provision. Amends the Illinois Housing Development Act to provide that the definition of "affordable housing project" includes projects involving the purchase of foreclosed single-family and multi-family properties. Effective immediately.

LRB096 20691 HLH 36412 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

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 Housing Development Act is amended
5 by changing Section 7.28 as follows:

6 (20 ILCS 3805/7.28)

7 Sec. 7.28. Tax credit for donation to sponsors. The
8 Authority may administer and adopt rules for an affordable
9 housing tax donation credit program to provide tax credits for
10 donations as set forth in this Section.

11 (a) In this Section:

12 "Administrative housing agency" means either the Authority
13 or an agency of the City of Chicago.

14 "Affordable housing project" means either (i) a rental
15 project in which at least 25% of the units have rents
16 (including tenant-paid heat) that do not exceed, on a monthly
17 basis, maximum gross rent figures, as published by the
18 Authority, that are: (i) based on data published annually by
19 the U.S. Department of Housing and Urban Development, (ii)
20 based on the annual income of households earning 60% of the
21 area median income, (iii) computed using a 30% of gross monthly
22 income standard and (iv) adjusted for unit size and at least
23 25% of the units are occupied by persons and families whose

1 incomes do not exceed 60% of the median family income for the
2 geographic area in which the residential unit is located or
3 (ii) a unit for sale to homebuyers whose gross household income
4 is at or below 60% of the area median income and who pay no more
5 than 30% of their gross household income for mortgage
6 principal, interest, property taxes, and property insurance
7 (PITI). "Affordable housing project" includes projects
8 involving the purchase of foreclosed single-family and
9 multi-family properties if the project meets all other
10 requirements of this Section.

11 "Donation" means money, securities, or real or personal
12 property that is donated to a not-for-profit sponsor that is
13 used solely for costs associated with either (i) purchasing,
14 constructing, or rehabilitating an affordable housing project
15 in this State, (ii) an employer-assisted housing project in
16 this State, (iii) general operating support, or (iv) technical
17 assistance as defined by this Section.

18 "Employer-assisted housing project" means either
19 down-payment assistance, reduced-interest mortgages, mortgage
20 guarantee programs, rental subsidies, or individual
21 development account savings plans that are provided by
22 employers to employees to assist in securing affordable housing
23 near the work place, that are restricted to housing near the
24 work place, and that are restricted to employees whose gross
25 household income is at or below 120% of the area median income.

26 "General operating support" means any cost incurred by a

1 sponsor that is a part of its general program costs and is not
2 limited to costs directly incurred by the affordable housing
3 project.

4 "Geographical area" means the metropolitan area or county
5 designated as an area by the federal Department of Housing and
6 Urban Development under Section 8 of the United States Housing
7 Act of 1937, as amended, for purposes of determining fair
8 market rental rates.

9 "Median income" means the incomes that are determined by
10 the federal Department of Housing and Urban Development
11 guidelines and adjusted for family size.

12 "Project" means an affordable housing project, an
13 employer-assisted housing project, general operating support,
14 or technical assistance.

15 "Sponsor" means a not-for-profit organization that (i) is
16 organized as a not-for-profit organization under the laws of
17 this State or another state and (1) for an affordable housing
18 project, has as one of its purposes the development of
19 affordable housing; (2) for an employer-assisted housing
20 project, has as one of its purposes home ownership education;
21 and (3) for a technical assistance project, has as one of its
22 purposes either the development of affordable housing or home
23 ownership education; (ii) is organized for the purpose of
24 constructing or rehabilitating affordable housing units and
25 has been issued a ruling from the Internal Revenue Service of
26 the United States Department of the Treasury that the

1 organization is exempt from income taxation under provisions of
2 the Internal Revenue Code; or (iii) is an organization
3 designated as a community development corporation by the United
4 States government under Title VII of the Economic Opportunity
5 Act of 1964.

6 "Tax credit" means a tax credit allowed under Section 214
7 of the Illinois Income Tax Act.

8 "Technical assistance" means any cost incurred by a sponsor
9 for project planning, assistance with applying for financing,
10 or counseling services provided to prospective homebuyers.

11 (b) A sponsor must apply to an administrative housing
12 agency for approval of the project. The administrative housing
13 agency must reserve a specific amount of tax credits for each
14 approved project. Tax credits for general operating support can
15 only be reserved as part of a reservation of tax credits for an
16 affordable housing project, an employer-assisted housing
17 project, or technical assistance. No tax credits shall be
18 allowed for a project without a reservation of such tax credits
19 by an administrative housing agency for that project.

20 (c) The Authority must adopt rules establishing criteria
21 for eligible costs and donations, issuing and verifying tax
22 credits, and selecting projects that are eligible for a tax
23 credit.

24 (d) Tax credits for employer-assisted housing projects are
25 limited to that pool of tax credits that have been set aside
26 for employer-assisted housing. Tax credits for general

1 operating support are limited to 10% of the total tax credit
2 reservation for the related project (other than general
3 operating support) and are also limited to that pool of tax
4 credits that have been set aside for general operating support.
5 Tax credits for technical assistance are limited to that pool
6 of tax credits that have been set aside for technical
7 assistance.

8 (e) The amount of tax credits reserved by the
9 administrative housing agency for an approved project is
10 limited to \$13 million in the initial year and shall increase
11 each year by 5%. The City of Chicago shall receive 24.5% of
12 total tax credits authorized for each fiscal year. The
13 Authority shall receive the balance of the tax credits
14 authorized for each fiscal year. The tax credits may be used
15 anywhere in this State. The tax credits have the following
16 set-asides:

17 (1) for employer-assisted housing projects, \$2
18 million; and

19 (2) for general operating support and technical
20 assistance, \$1 million.

21 The balance of the funds must be used for affordable
22 housing projects. During the first 9 months of a fiscal year,
23 if an administrative housing agency is unable to reserve the
24 tax credits set aside for the purposes described in subsection
25 (e), the administrative housing agency may reserve the tax
26 credits for any approved projects.

1 (f) The administrative housing agency that reserves tax
2 credits for an affordable housing project must record against
3 the land upon which the affordable housing project is located
4 an instrument to assure that the property maintains its
5 affordable housing compliance for a minimum of 10 years. The
6 Authority has flexibility to assure that the instrument does
7 not cause undue hardship on homeowners.

8 (Source: P.A. 92-491, eff. 8-23-01; 93-369, eff. 7-24-03.)

9 Section 10. The Illinois Income Tax Act is amended by
10 changing Section 214 as follows:

11 (35 ILCS 5/214)

12 Sec. 214. Tax credit for affordable housing donations.

13 (a) Beginning with taxable years ending on or after
14 December 31, 2001 ~~and until the taxable year ending on December~~
15 ~~31, 2011~~, a taxpayer who makes a donation under Section 7.28 of
16 the Illinois Housing Development Act is entitled to a credit
17 against the tax imposed by subsections (a) and (b) of Section
18 201 in an amount equal to 50% of the value of the donation.
19 Partners, shareholders of subchapter S corporations, and
20 owners of limited liability companies (if the limited liability
21 company is treated as a partnership for purposes of federal and
22 State income taxation) are entitled a credit under this Section
23 to be determined in accordance with the determination of income
24 and distributive share of income under Sections 702 and 703 and

1 subchapter S of the Internal Revenue Code. Persons or entities
2 not subject to the tax imposed by subsections (a) and (b) of
3 Section 201 and who make a donation under Section 7.28 of the
4 Illinois Housing Development Act are entitled to a credit as
5 described in this subsection and may transfer that credit as
6 described in subsection (c).

7 (b) If the amount of the credit exceeds the tax liability
8 for the year, the excess may be carried forward and applied to
9 the tax liability of the 5 taxable years following the excess
10 credit year. The tax credit shall be applied to the earliest
11 year for which there is a tax liability. If there are credits
12 for more than one year that are available to offset a
13 liability, the earlier credit shall be applied first.

14 (c) The transfer of the tax credit allowed under this
15 Section may be made (i) to the purchaser of land that has been
16 designated solely for affordable housing projects in
17 accordance with the Illinois Housing Development Act or (ii) to
18 another donor who has also made a donation in accordance with
19 Section 7.28 of the Illinois Housing Development Act.

20 (d) A taxpayer claiming the credit provided by this Section
21 must maintain and record any information that the Department
22 may require by regulation regarding the project for which the
23 credit is claimed. When claiming the credit provided by this
24 Section, the taxpayer must provide information regarding the
25 taxpayer's donation to the project under the Illinois Housing
26 Development Act.

1 This Section is exempt from the provisions of Section 250.

2 (Source: P.A. 93-369, eff. 7-24-03; 94-46, eff. 6-17-05.)

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.