



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB4636

Introduced 2/3/2026, by Rep. Jay Hoffman

#### SYNOPSIS AS INTRODUCED:

20 ILCS 663/15  
20 ILCS 663/20  
20 ILCS 663/25  
20 ILCS 663/50

Amends the New Markets Development Program Act. Provides that a credit under the Act may be transferred to an affiliate. Provides that the cap on credits is \$37,000,000 for fiscal years beginning on or after July 1, 2029. Makes changes concerning the allocation schedule. Effective immediately.

LRB104 18261 HLH 31700 b

1 AN ACT concerning State government.

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

4 Section 5. The New Markets Development Program Act is  
5 amended by changing Sections 15, 20, 25, and 50 as follows:

6 (20 ILCS 663/15)

7 Sec. 15. Transferability. No tax credit claimed under this  
8 Act shall be refundable or saleable on the open market, except  
9 that a tax credit may be transferred to an affiliate. Tax  
10 credits earned by a partnership, limited liability company, S  
11 corporation, or other "pass-through" entity may be allocated  
12 to the partners, members, or shareholders of that entity for  
13 their direct use in accordance with the provisions of any  
14 agreement among the partners, members, or shareholders. Any  
15 amount of tax credit that the taxpayer, or partner, member, or  
16 shareholder thereof, is prohibited from claiming in a taxable  
17 year may be carried forward to any of the taxpayer's 5  
18 subsequent taxable years.

19 (Source: P.A. 95-1024, eff. 12-31-08.)

20 (20 ILCS 663/20)

21 Sec. 20. Annual cap on credits. The Department shall limit  
22 the monetary amount of qualified equity investments permitted

1 under this Act to a level necessary to limit tax credit use at  
2 no more than (i) \$20,000,000 in tax credits for fiscal years  
3 beginning before July 1, 2023, ~~and~~ (ii) \$25,000,000 in tax  
4 credits for fiscal years beginning on or after July 1, 2023 and  
5 beginning before July 1, 2029, and (iii) \$37,000,000 in tax  
6 credits for fiscal years beginning on or after July 1, 2029.

7 This limitation on qualified equity investments shall be based  
8 on the anticipated use of credits without regard to the  
9 potential for taxpayers to carry forward tax credits to later  
10 tax years.

11 (Source: P.A. 103-9, eff. 6-7-23.)

12 (20 ILCS 663/25)

13 Sec. 25. Certification of qualified equity investments.

14 (a) A qualified community development entity that seeks to  
15 have an equity investment or long-term debt security  
16 designated as a qualified equity investment and eligible for  
17 tax credits under this Section shall apply to the Department.  
18 The qualified community development entity must submit an  
19 application on a form that the Department provides that  
20 includes:

21 (1) The name, address, tax identification number of  
22 the entity, and evidence of the entity's certification as  
23 a qualified community development entity.

24 (2) A copy of the allocation agreement executed by the  
25 entity, or its controlling entity, and the Community

1 Development Financial Institutions Fund.

2 (3) A certificate executed by an executive officer of  
3 the entity attesting that the allocation agreement remains  
4 in effect and has not been revoked or cancelled by the  
5 Community Development Financial Institutions Fund.

6 (4) A description of the proposed amount, structure,  
7 and purchaser of the equity investment or long-term debt  
8 security.

9 (5) The name and tax identification number of any  
10 taxpayer eligible to utilize tax credits earned as a  
11 result of the issuance of the qualified equity investment.

12 (6) Information regarding the proposed use of proceeds  
13 from the issuance of the qualified equity investment.

14 (7) A nonrefundable application fee of \$5,000. This  
15 fee shall be paid to the Department and shall be required  
16 of each application submitted.

17 (8) With respect to qualified equity investments made  
18 on or after January 1, 2017, the amount of qualified  
19 equity investment authority the applicant agrees to  
20 designate as a federal qualified equity investment under  
21 Section 45D of the Internal Revenue Code, including a copy  
22 of the screen shot from the Community Development  
23 Financial Institutions Fund's Allocation Tracking System  
24 of the applicant's remaining federal qualified equity  
25 investment authority.

26 (b) Within 30 days after receipt of a completed

1 application containing the information necessary for the  
2 Department to certify a potential qualified equity investment,  
3 including the payment of the application fee, the Department  
4 shall grant or deny the application in full or in part. If the  
5 Department denies any part of the application, it shall inform  
6 the qualified community development entity of the grounds for  
7 the denial. If the qualified community development entity  
8 provides any additional information required by the Department  
9 or otherwise completes its application within 15 days of the  
10 notice of denial, the application shall be considered  
11 completed as of the original date of submission. If the  
12 qualified community development entity fails to provide the  
13 information or complete its application within the 15-day  
14 period, the application remains denied and must be resubmitted  
15 in full with a new submission date.

16 (c) If the application is deemed complete, the Department  
17 shall certify the proposed equity investment or long-term debt  
18 security as a qualified equity investment that is eligible for  
19 tax credits under this Section, subject to the limitations  
20 contained in Section 20. The Department shall provide written  
21 notice of the certification to the qualified community  
22 development entity. The notice shall include the names of  
23 those taxpayers who are eligible to utilize the credits and  
24 their respective credit amounts. If the names of the taxpayers  
25 who are eligible to utilize the credits change due to a  
26 transfer of a qualified equity investment or a change in an

1 allocation pursuant to Section 15, the qualified community  
2 development entity shall notify the Department of such change.

3 (d) With respect to applications received before January  
4 1, 2017, the Department shall certify qualified equity  
5 investments in the order applications are received by the  
6 Department. Applications received on the same day shall be  
7 deemed to have been received simultaneously. For applications  
8 received on the same day and deemed complete, the Department  
9 shall certify, consistent with remaining tax credit capacity,  
10 qualified equity investments in proportionate percentages  
11 based upon the ratio of the amount of qualified equity  
12 investment requested in an application to the total amount of  
13 qualified equity investments requested in all applications  
14 received on the same day.

15 (d-5) With respect to applications received on or after  
16 January 1, 2017, the Department shall certify applications by  
17 applicants that agree to designate qualified equity  
18 investments as federal qualified equity investments in  
19 accordance with item (8) of subsection (a) of this Section in  
20 proportionate percentages based upon the ratio of the amount  
21 of qualified equity investments requested in an application to  
22 be designated as federal qualified equity investments to the  
23 total amount of qualified equity investments to be designated  
24 as federal qualified equity investments requested in all  
25 applications received on the same day.

26 (d-10) With respect to applications received on or after

1 January 1, 2017, after complying with subsection (d-5), the  
2 Department shall certify the qualified equity investments of  
3 all other applicants, including the remaining qualified equity  
4 investment authority requested by applicants not designated as  
5 federal qualified equity investments in accordance with item  
6 (8) of subsection (a) of this Section, in proportionate  
7 percentages based upon the ratio of the amount of qualified  
8 equity investments requested in the applications to the total  
9 amount of qualified equity investments requested in all  
10 applications received on the same day.

11 (e) Once the Department has certified qualified equity  
12 investments that, on a cumulative basis, are eligible for an  
13 amount of credits equal to the annual cap on credits set forth  
14 in Section 20, ~~\$20,000,000 in tax credits (for taxable years~~  
15 ~~beginning before July 1, 2023) or \$25,000,000 in tax credits~~  
16 ~~(for taxable years beginning on or after July 1, 2023),~~ the  
17 Department may not certify any more qualified equity  
18 investments. If a pending request cannot be fully certified,  
19 the Department shall certify the portion that may be certified  
20 unless the qualified community development entity elects to  
21 withdraw its request rather than receive partial credit.

22 (f) Within 30 days after receiving notice of  
23 certification, the qualified community development entity  
24 shall (i) issue the qualified equity investment and receive  
25 cash in the amount of the certified amount and (ii) with  
26 respect to qualified equity investments made on or after

1 January 1, 2017, if applicable, designate the required amount  
2 of qualified equity investment authority as a federal  
3 qualified equity investment. The qualified community  
4 development entity must provide the Department with evidence  
5 of the receipt of the cash investment within 10 business days  
6 after receipt and, with respect to qualified equity  
7 investments made on or after January 1, 2017, if applicable,  
8 provide evidence that the required amount of qualified equity  
9 investment authority was designated as a federal qualified  
10 equity investment. If the qualified community development  
11 entity does not receive the cash investment and issue the  
12 qualified equity investment within 30 days following receipt  
13 of the certification notice, the certification shall lapse and  
14 the entity may not issue the qualified equity investment  
15 without reapplying to the Department for certification. A  
16 certification that lapses reverts back to the Department and  
17 may be reissued only in accordance with the application  
18 process outline in this Section 25.

19 (g) Allocation rounds enabled by this Act shall be applied  
20 for according to the following schedule:

21 (1) on January 2, 2019, \$125,000,000 of qualified  
22 equity investments;

23 (2) not less than 45 days after but not more than 90  
24 days after the Community Development Financial  
25 Institutions Fund of the United States Department of the  
26 Treasury announces allocation awards under a Notice of

1 Funding Availability that is published in the Federal  
2 Register after September 6, 2019, \$125,000,000 of  
3 qualified equity investments; ~~and~~

4 (3) on or after January 1, 2024, but not more than 120  
5 days after the Community Development Financial  
6 Institutions Fund of the United States Department of the  
7 Treasury announces allocation awards under a Notice of  
8 Funding Availability that was published in the Federal  
9 Register on November 22, 2022, \$312,500,000 of qualified  
10 equity investments; ~~-~~

11 (4) on or after January 1, 2027, but not later than 120  
12 days after the Community Development Financial  
13 Institutions Fund of the United States Department of the  
14 Treasury, or any successor office with primary  
15 responsibility for administering Section 45D of the  
16 Internal Revenue Code, announces allocation awards for the  
17 most recent federal application round conducted under a  
18 Notice of Funding Available published in the Federal  
19 Register, \$150,000,000 of qualified equity investments;

20 (5) on or after January 1, 2029, but not later than 120  
21 days after the Community Development Financial  
22 Institutions Fund of the United States Department of the  
23 Treasury, or any successor office with primary  
24 responsibility for administering Section 45D of the  
25 Internal Revenue Code, announces allocation awards for the  
26 most recent federal application round conducted under a

1 Notice of Funding Available published in the Federal  
2 Register, \$150,000,000 of qualified equity investments;  
3 and

4 (6) on or after January 1, 2031, but not later than 120  
5 days after the Community Development Financial  
6 Institutions Fund of the United States Department of the  
7 Treasury, or any successor office with primary  
8 responsibility for administering Section 45D of the  
9 Internal Revenue Code, announces allocation awards for the  
10 most recent federal application round conducted under a  
11 Notice of Funding Available published in the Federal  
12 Register, \$150,000,000 of qualified equity investments.

13 Certifications shall be subject to the annual limitations  
14 on tax credits set forth in Section 20.

15 (Source: P.A. 103-9, eff. 6-7-23.)

16 (20 ILCS 663/50)

17 Sec. 50. Sunset. For fiscal years following fiscal year  
18 2037 ~~2031~~, qualified equity investments shall not be made  
19 under this Act unless reauthorization is made pursuant to this  
20 Section. For all fiscal years following fiscal year 2031,  
21 unless the General Assembly adopts a joint resolution granting  
22 authority to the Department to approve qualified equity  
23 investments for the Illinois new markets development program  
24 and clearly describing the amount of tax credits available for  
25 the next fiscal year, or otherwise complies with the

1 provisions of this Section, no qualified equity investments  
2 may be permitted to be made under this Act. The amount of  
3 available tax credits contained in such a resolution shall not  
4 exceed the limitation provided under Section 20. Nothing in  
5 this Section precludes a taxpayer who makes a qualified equity  
6 investment prior to the expiration of authority to make  
7 qualified equity investments from claiming tax credits  
8 relating to that qualified equity investment for each  
9 applicable credit allowance date.

10 (Source: P.A. 102-16, eff. 6-17-21; 103-9, eff. 6-7-23.)

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