

SB2476



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB2476

Introduced 2/7/2025, by Sen. Mattie Hunter

SYNOPSIS AS INTRODUCED:

35 ILCS 5/246 new

Amends the Illinois Income Tax Act. Creates a credit in an amount equal to 20% of the qualified conversion expenditures incurred by a taxpayer for a qualified converted building. Effective immediately.

LRB104 07187 HLH 17224 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 adding Section 246 as follows:

6 (35 ILCS 5/246 new)

7 Sec. 246. Revitalizing Illinois Downtowns Tax Credit.

8 (a) For taxable years beginning on or after January 1,
9 2026, a taxpayer may apply to the Department, in the form and
10 manner required by the Department, for a credit against the
11 taxes imposed under subsections (a) and (b) of Section 201 of
12 this Act. The amount of the credit shall be equal to 20% of the
13 qualified conversion expenditures incurred by the qualified
14 taxpayer during the taxable year with respect to a qualified
15 converted building. If the qualified conversion expenditures
16 include construction work, then that construction work must be
17 subject to a project labor agreement. In no event shall the
18 amount of the credit exceed \$15,000 per taxpayer in a single
19 tax year; however, if the qualified conversion plan spans
20 multiple years, the aggregate credit for the entire project
21 may be claimed in the last taxable year so long as the total
22 credit amount for the entire project does not exceed \$15,000
23 per year for each year of the project. The total aggregate

1 amount of credits awarded by the Department under this Section
2 shall not exceed \$50,000,000 in any State fiscal year. Credits
3 shall be awarded on a first-come, first-served basis.

4 (b) The credit for partners and shareholders of subchapter
5 S corporations shall be determined as provided in Section 251.

6 (c) In no event shall a credit under this Section reduce
7 the taxpayer's liability to less than zero. If the amount of
8 the credit exceeds the tax liability for the year, the excess
9 may be carried forward and applied to the tax liability of the
10 5 taxable years following the excess credit year. The tax
11 credit shall be applied to the earliest year for which there is
12 a tax liability. If there are credits for more than one year
13 that are available to offset a liability, the earlier credit
14 shall be applied first.

15 (d) As used in this Section:

16 "Qualified converted building" means a building that meets
17 all of the following criteria:

18 (1) the building has been substantially converted from
19 office use to residential, retail, or other commercial use
20 by the qualified taxpayer;

21 (2) prior to the conversion described in item (1), the
22 building was not used for residential purposes and was
23 leased to office tenants or was available for lease to
24 office tenants;

25 (3) the building was initially placed in service at
26 least 25 years before the beginning of the conversion

1 described in item (1);

2 (4) the building is eligible for depreciation on the
3 taxpayer's federal income taxes;

4 (5) the building is carbon neutral or has attained
5 certification under one or more of the following green
6 building standards: BREEAM for New Construction or BREEAM
7 In-Use; ENERGY STAR; Envision; ISO 50001-energy
8 management; LEED for Building Design and Construction or
9 LEED for Operations and Maintenance; Green Globes for New
10 Construction or Green Globes for Existing Buildings; UL
11 3223; or an equivalent standard approved by the
12 Department; and

13 (6) in the case of a building that is converted to
14 residential use property under item (1):

15 (A) upon the completion of the conversion, 20% or
16 more of the residential housing units will be both
17 rent-restricted and occupied by individuals whose
18 income is 80% or less of the median income for the
19 municipality as established by the United States
20 Department of Health and Human Services; and

21 (B) the property is subject to a binding State or
22 local agreement with respect to the provision of
23 financing of affordable housing, and that agreement is
24 documented in writing.

25 "Qualified conversion expenditure" means any expenditure
26 that is incurred by the taxpayer in converting a building from

1 office use to residential, retail, or other commercial use and
2 that is properly chargeable to a capital account. "Qualified
3 expenditure" does not include the cost of acquisition of the
4 building or property to be converted, the cost to enlarge the
5 building, any expenditure that is allocable to a portion of
6 the property that is tax-exempt use property, or any
7 expenditure incurred by a lessee of a building on or after the
8 date on which the conversion is complete.

9 "Qualified office building" means (i) commercial property
10 that is leased or available for lease to office tenants or is
11 used primarily for office use and (ii) the structural
12 components of that property.

13 "Qualified taxpayer" means an Illinois resident that is
14 the owner of a qualified office building located in the State.

15 "Substantially converted" means that the qualified
16 expenditures incurred by the qualified taxpayer with respect
17 to the subject building during the 24-month period selected by
18 the taxpayer at the time and in the manner prescribed by the
19 Department by rule and ending during the taxable year for
20 which the credit is claimed exceed the greater of: (i) the
21 adjusted basis of the building and its structural components
22 or (ii) \$15,000. The adjusted basis of the building and its
23 structural components shall be determined as of the first day
24 of that 24-month period or the beginning of the first day of
25 the holding period of the building, whichever is later. For
26 purposes of determining the adjusted basis, the determination

1 of the beginning of the holding period shall be made without
2 regard to any reconstruction by the qualified taxpayer.

3 (e) The Department may, in consultation with the
4 Department of Commerce and Economic Opportunity, adopt rules
5 to administer the provisions of this Section.

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.