



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB4193

Introduced 4/28/2026, by Sen. Robert F. Martwick

#### SYNOPSIS AS INTRODUCED:

New Act  
35 ILCS 5/253 new

Creates the Farmer Tax Benefit Act. Provides that, for taxable years ending on or after December 31, 2027, landowners may apply to the Department for an income tax credit in an amount equal to either (i) 100% of the fair market value of a qualified donation of a land protection agreement or (ii) 50% of the fair market value of the qualified donation of a fee simple interest or a remainder interest in qualified real property. Specifies that the total aggregate amount of tax credits issued under the Act in any State fiscal year shall not exceed \$7,500,000. Further provides that the amount of the credit that may be claimed by a landowner for any single qualified donation shall not exceed \$500,000. Contains additional provisions concerning allocation of the credit by the Department of Natural Resources and other powers of the Department of Natural Resources, allowable credit use, the Illinois Land Protection Tax Credit, legislative findings, and other related matters. Amends the Illinois Income Tax Act. Makes conforming changes. Effective immediately.

LRB104 21567 HLH 36981 b

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 1. Short title. This Act may be cited as the Farmer  
5 Tax Benefit Act.

6 Section 5. Purpose and findings. The General Assembly  
7 finds that:

8 (1) The State of Illinois' unique natural resources,  
9 wildlife habitats, open spaces, agricultural and forested  
10 resources, wetlands, and historical, cultural, and  
11 archaeological resources are of significant economic,  
12 environmental, and social benefit to the State and the  
13 public.

14 (2) The Illinois economy is vulnerable to other states  
15 that have financial incentive programs targeted to support  
16 the protection of unique natural and agricultural  
17 resources. Illinois should advance new tools to ensure  
18 that Illinois offers a competitive quality of life and is  
19 desirable in site location decision-making for businesses.

20 (3) Natural carbon storage and increasing carbon  
21 sequestration from natural and working lands is a critical  
22 component of State and national deep decarbonization  
23 strategies because the maintenance of existing sequestered

1 carbon in intact natural and working lands systems can be  
2 among the most cost-effective ways to support climate  
3 goals.

4 (4) The protection of natural and working lands is an  
5 important climate adaptation strategy, with land  
6 conservation serving to build community resilience against  
7 extreme weather events, such as by absorbing excess  
8 rainwater to reduce flooding, filtering pollutants,  
9 offering cooling from extreme heat, preserving  
10 biodiversity, ensuring species' corridor migration, and  
11 protecting productive farmland that provides food  
12 security.

13 (5) Many of the State's unique natural, historical,  
14 agricultural, and open space resources and habitats are  
15 found on lands that are privately owned. The General  
16 Assembly intends to provide private landowners with  
17 incentives to encourage voluntary protection of private  
18 lands for open space, natural resources, biodiversity  
19 conservation, water supply, outdoor recreation, farmland  
20 and forestland preservation, historic preservation, and  
21 land conservation purposes.

22 Section 10. Definitions. As used in this Act:

23 "Conservation agency" means the following:

- 24 (1) the State of Illinois;  
25 (2) a federal agency;

- 1           (3) a unit of local government;
- 2           (4) a federally recognized Indian tribe; or
- 3           (5) a 501(c)(3) nonprofit organization that has
- 4 experience acquiring conservation real estate, whether
- 5 through purchase, donation, or transfer, and that meets
- 6 the requirements of Section 170(h)(3) of the Internal
- 7 Revenue Code and the regulations adopted under that
- 8 Section.

9 A conservation agency must also:

- 10           (1) be authorized to acquire, hold, and maintain title
- 11 to real estate or interests in real estate in Illinois;
- 12           (2) be organized and operated for purposes expressly
- 13 including natural resource protection, land conservation,
- 14 or historic preservation; and
- 15           (3) meet other criteria or certifications required by
- 16 the Department by rule.

17 Any non-profit corporation that is accredited through the

18 Land Trust Accreditation Commission shall automatically be

19 deemed a conservation agency with no further burden of proof.

20 "Credit" means the Illinois Land Protection Credit created

21 and administered as outlined in this Act.

22 "Department" means the Department of Natural Resources.

23 "Federally recognized Indian tribe" means any Indian tribe

24 that is included on the list of federally recognized Indian

25 tribes that is published from time to time by the United States

26 Department of the Interior under the Federally Recognized

1 Indian Tribe List Act of 1994.

2 "Landowner" means the owner of fee simple title to land,  
3 as evidenced by the county real property records in the county  
4 where the real property interest is located, including,  
5 without limitation, individuals, trusts and estates, and  
6 entities such as limited liability companies, partnerships,  
7 and corporations, whether for profit or not-for-profit.

8 "Land protection agreement" means a restriction on the use  
9 that may be made of real property that is granted in perpetuity  
10 and created pursuant to Illinois real property law and that  
11 complies with Section 170(h)(2)(C) of the Internal Revenue  
12 Code.

13 "Qualified appraisal" has the same meaning as that term is  
14 defined in 26 CFR 1.170A-17.

15 "Qualified appraiser" has the same meaning as that term is  
16 defined in 26 CFR 1.170A-17.

17 "Qualified donation" means the transfer and conveyance by  
18 gift, without consideration, of all or a portion, including  
19 bargain sales, of a qualified real property interest to a  
20 conservation agency if those purposes are secured in  
21 perpetuity through recording of a deed in the real property  
22 records in the county where the qualified real property  
23 interest is located.

24 "Qualified real property interest" means any of the  
25 following interests in real property located in the State of  
26 Illinois:

- 1 (1) a fee simple interest;
- 2 (2) a remainder interest; or
- 3 (3) a land protection agreement.

4 A fee simple interest or remainder interest shall not be  
5 deemed a qualified real property interest unless the  
6 conservation and preservation purposes are assured in  
7 perpetuity. In these cases, the credit shall not be allowed  
8 until the conservation agency agrees in recorded documentation  
9 that any subsequent conveyances of the fee simple or remainder  
10 interest in the property will be subject to a prior conveyance  
11 in perpetuity of a land protection agreement or will be  
12 conveyed to another conservation agency.

13 Section 15. Credit availability.

14 (a) For taxable years ending on or after December 31,  
15 2027, landowners may apply to the Department for a credit  
16 against the tax imposed by subsections (a) and (b) of Section  
17 201 of the Illinois Income Tax Act in an amount equal to either  
18 (i) 100% of the fair market value of a qualified donation of a  
19 land protection agreement or (ii) 50% of the fair market value  
20 of the qualified donation of a fee simple interest or a  
21 remainder interest in qualified real property. The fair market  
22 value of any donation made under this Section shall be  
23 substantiated by a qualified appraisal prepared by a qualified  
24 appraiser.

25 (b) The total aggregate amount of tax credits issued under

1 this Act in any State fiscal year shall not exceed \$7,500,000.  
2 Tax credits shall be allocated on a first-come, first-served  
3 basis. The Department shall log applications as they are  
4 received. If the \$7,500,000 total aggregate cap is exceeded in  
5 any one year, the Department shall issue a certificate of tax  
6 credit to be available to the landowner in the subsequent tax  
7 year with an effective date of the subsequent year.

8 (c) The amount of the credit that may be claimed by a  
9 landowner for any single qualified donation shall not exceed  
10 \$500,000.

11 (d) The credit under this Act is exempt from the  
12 provisions of Section 250 of the Illinois Income Tax Act.

13 Section 20. Credit allocation by the Department.

14 (a) A landowner seeking to claim a tax credit under  
15 Section 15 shall, in either the year of the donation or the  
16 year following the year of donation, submit to the Department  
17 an application for a land protection tax credit on a form to be  
18 created by the Department. The application shall be  
19 accompanied by the qualified appraisal substantiating the  
20 value of the qualified donation and the deed transferring the  
21 qualified real property interest. If the landowner is a  
22 pass-through entity, the application shall also include  
23 documentation that the landowner has owned the property for  
24 more than 3 years at the time of the donation or otherwise  
25 meets the family exception set forth in Section 40.

1           (b) On receipt of the application and all supporting  
2 documentation, the Department shall either (i) record the  
3 transaction and provide the landowner with a certificate  
4 acknowledging the credit, together with a tracking number, on  
5 a form to be created by the Department, (ii) request more  
6 information, or (iii) decline to issue the certificate by  
7 providing a written statement of the deficiencies in the  
8 application. The landowner shall have an opportunity to cure  
9 any deficiencies. Upon satisfactory review of the application,  
10 the Department shall issue the certificate stating the amount  
11 of the tax credit.

12           If the landowner is receiving compensation for any  
13 non-donated portion of a qualified real property interest and  
14 that compensation derives from a federal, State, or local  
15 public conservation funding source, then the landowner shall  
16 include, with the application, documentation confirming the  
17 award of public funding towards the qualified real property  
18 interest. In that case, the public funding award shall be  
19 determinative of the conservation benefit and value, no  
20 additional review by the Department shall be necessary, and  
21 the credit shall be automatically granted and the certificate  
22 automatically issued.

23           (c) No single landowner may apply for more than one credit  
24 per year.

25           Section 25. Allowable credit use.

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

12           (b) The landowner, at its option, may elect to transfer,  
13 rather than claim, the tax credit. A sale, assignment, or  
14 transfer of the tax credit may be made by the landowner earning  
15 the credit within one year after the certificate of tax credit  
16 is issued by the Department. Upon notice of a transfer, the  
17 Department shall issue transfer certificates to the transferor  
18 and transferee that identify the amount of the credit  
19 transferred. Upon issuance of the transfer certificates, the  
20 transferor relinquishes all rights to the portion of the  
21 credit that was transferred. The transferred credit may be  
22 applied by the transferee against its tax imposed by the  
23 Illinois Income Tax Act, and any credit not used by the  
24 transferee may be carried forward for a 5-year carry forward  
25 period. A landowner seeking to transfer a credit shall submit  
26 to the Department a Notice of Tax Credit Transfer on a form to

1 be created by the Department. Upon any transfer of a credit, a  
2 fee equal to 3% of the amount of the credit so transferred  
3 shall be paid to the Department by the landowner to cover the  
4 administrative costs of this process.

5 Section 30. Powers of the Department.

6 (a) The Department, in addition to those powers granted  
7 under the Civil Administrative Code of Illinois, is granted  
8 and has all the powers necessary or convenient to carry out and  
9 effectuate the purposes and provisions of this Act, including,  
10 but not limited to, power and authority to:

11 (1) Adopt rules deemed necessary and appropriate for  
12 the administration of the tax credit program.

13 (2) Establish forms for applications, notifications,  
14 contracts, or any other agreements and accept applications  
15 at any time during the year.

16 (3) Assist applicants pursuant to the provisions of  
17 this Act to promote, foster, and support land conservation  
18 and its related benefits within the State.

19 (4) Gather information and conduct inquiries in the  
20 manner and by the methods as it deems desirable.

21 (5) Provide for sufficient personnel to permit  
22 administration, staffing, operation, and related support  
23 required to adequately discharge its duties and  
24 responsibilities described in this Act from funds as may  
25 be appropriated by the General Assembly for the

1 administration of this Act.

2 (6) Require applicants, upon written request, to issue  
3 any necessary authorization to the appropriate federal,  
4 State, or local authority for the release of information  
5 concerning a project being considered under the provisions  
6 of this Act, with the information requested to include,  
7 but not be limited to, financial reports, returns, or  
8 records.

9 (b) The Department shall adopt rules within 12 months  
10 after the effective date of this Act.

11 Section 35. Analysis of the Illinois Land Protection Tax  
12 Credit.

13 (a) By December 31, 2032, the Department, in consultation  
14 with other State agencies as needed, shall prepare a report  
15 detailing the amount of land and the fair market value of land  
16 protected during the reporting period pursuant to this Act.  
17 The Department may consider application and attestation  
18 information provided by eligible landowners pursuant to this  
19 Act and any other data it deems relevant.

20 (b) The final report shall be made publicly available, and  
21 copies of the final report shall be filed with the General  
22 Assembly and the Governor.

23 Section 40. Applicability and limitations.

24 (a) For taxable years ending on or after December 31,

1 2027, for partners and shareholders of Subchapter S  
2 corporations, the provisions of Section 251 shall apply with  
3 respect to the credit under this subsection.

4 (b) In the case of a pass-through entity described in  
5 subsection (a), no qualified donation shall be eligible for a  
6 tax credit under this Act unless the entity acquired the land  
7 or qualified real property interest 3 or more years before the  
8 donation for which the qualified donation is being sought.

9 (c) Subsection (b) shall not apply with respect to any  
10 qualified donation by any partnership or pass-through entity  
11 for which a tax credit is being sought under this Act if  
12 substantially all of the partnership interests or pass-through  
13 entity interests in the partnership or pass-through entity are  
14 held, directly or indirectly, by an individual or members of  
15 the individual's family.

16 As used in this subsection, "member of the family" means  
17 the individual's spouse or any person who bears a relationship  
18 to the individual that is described in Internal Revenue Code  
19 Section 152(d)(2) subparagraphs (A) through (G).

20 (d) If a conservation agency becomes unqualified after the  
21 effective date of a qualified donation, it shall not require  
22 any taxpayer to repay tax credits claimed under this Act, nor  
23 shall such event be cause for any other penalty to be imposed  
24 on a taxpayer.

25 Section 45. Construction.

1 (a) Nothing in this Act shall be interpreted to in any way  
2 alter or amend any permit requirements, reporting  
3 requirements, allocation procedures, or other requirements set  
4 forth in any other provision of State law.

5 (b) Notwithstanding any provision of law to the contrary,  
6 a land protection agreement held pursuant to this Section  
7 shall be construed in favor of achieving the conservation  
8 purposes for which it was created.

9 Section 900. The Illinois Income Tax Act is amended by  
10 adding Section 253 as follows:

11 (35 ILCS 5/253 new)

12 Sec. 253. Land Protection Tax Credit.

13 (a) A landowner who has been awarded a credit under the  
14 Farmer Tax Benefit Act is entitled to a credit as provided in  
15 that Act and in this Section.

16 (b) For taxable years ending on or after December 31,  
17 2027, landowners may apply to the Department of Natural  
18 Resources for a credit against the tax imposed by subsections  
19 (a) and (b) of Section 201 in an amount equal to either (i)  
20 100% of the fair market value of a qualified donation of a land  
21 protection agreement or (ii) 50% of the fair market value of  
22 the qualified donation of a fee simple interest or a remainder  
23 interest in qualified real property. The fair market value of  
24 any donation made under this Section shall be substantiated by

1 a qualified appraisal prepared by a qualified appraiser.

2 (c) The total aggregate amount of tax credits issued under  
3 this Act in any State fiscal year shall not exceed \$7,500,000.

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

15 (e) The landowner, at its option, may decide to transfer,  
16 rather than claim, the tax credit. A sale, assignment, or  
17 transfer of the tax credit may be made by the landowner earning  
18 the credit within one year after the certificate of tax credit  
19 is issued by the Department of Natural Resources. Upon notice  
20 of transfer, the Department of Natural Resources shall issue  
21 transfer certificates to the transferor and transferee that  
22 identify the amount of the credit transferred. Upon issuance  
23 of the transfer certificates, the transferor relinquishes all  
24 rights to the portion of the credit that was transferred. The  
25 transferred credit may be applied by the transferee against  
26 its tax imposed by this Act, and any credit not used by the

1 transferee may be carried forward for a 5-year carry forward  
2 period.

3 (f) The amount of the credit that may be claimed by a  
4 landowner for any single qualified donation shall not exceed  
5 \$500,000.

6 (g) For taxable years ending on or after December 31,  
7 2027, for partners and shareholders of Subchapter S  
8 corporations, the provisions of Section 251 shall apply with  
9 respect to the credit under this Section.

10 (h) In the case of a pass-through entity described in  
11 subsection (g), no qualified donation shall be eligible for a  
12 tax credit under this Act unless the entity acquired the land  
13 or qualified real property interest 3 or more years before the  
14 donation for which the qualified donation is being sought.

15 (i) Subsection (h) shall not apply with respect to any  
16 qualified donation by any partnership or pass-through entity  
17 for which a tax credit is being sought under this Act if  
18 substantially all of the partnership interests or pass-through  
19 entity interests in the partnership or pass-through entity are  
20 held, directly or indirectly, by an individual or members of  
21 the individual's family.

22 As used in this subsection, "member of the family" means  
23 the individual's spouse or any person who bears a relationship  
24 to the individual that is described in subparagraphs (A)  
25 through (G) of Internal Revenue Code Section 152(d)(2).

26 (j) If a conservation agency becomes unqualified after the

1 effective date of a qualified donation, it shall not require  
2 any taxpayer to repay tax credits claimed under this Act, nor  
3 shall such event be cause for any other penalty to be imposed  
4 on a taxpayer.

5 (k) The credit under this Section is exempt from the  
6 provisions of Section 250.

7 Section 999. Effective date. This Act takes effect upon  
8 becoming law.