

SB0157



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB0157

Introduced 2/9/2021, by Sen. Linda Holmes

SYNOPSIS AS INTRODUCED:

35 ILCS 5/221

Amends the Illinois Income Tax Act. Provides that the credit for expenditures incurred in the restoration and preservation of a qualified historic structure located in a River Edge Redevelopment Zone applies for taxable years ending prior to January 1, 2027 (currently January 1, 2022). Effective immediately.

LRB102 10128 HLH 16591 b

FISCAL NOTE ACT
MAY APPLY

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 that begin on or after January 1,
10 2012 and begin prior to January 1, 2018, there shall be allowed
11 a tax credit against the tax imposed by subsections (a) and (b)
12 of Section 201 of this Act in an amount equal to 25% of
13 qualified expenditures incurred by a qualified taxpayer during
14 the taxable year in the restoration and preservation of a
15 qualified historic structure located in a River Edge
16 Redevelopment Zone pursuant to a qualified rehabilitation
17 plan, provided that the total amount of such expenditures (i)
18 must equal \$5,000 or more and (ii) must exceed 50% of the
19 purchase price of the property.

20 (a-1) For taxable years that begin on or after January 1,
21 2018 and end prior to January 1, 2027 ~~January 1, 2022~~, there
22 shall be allowed a tax credit against the tax imposed by
23 subsections (a) and (b) of Section 201 of this Act in an

1 aggregate amount equal to 25% of qualified expenditures
2 incurred by a qualified taxpayer in the restoration and
3 preservation of a qualified historic structure located in a
4 River Edge Redevelopment Zone pursuant to a qualified
5 rehabilitation plan, provided that the total amount of such
6 expenditures must (i) equal \$5,000 or more and (ii) exceed the
7 adjusted basis of the qualified historic structure on the
8 first day the qualified rehabilitation plan begins. For any
9 rehabilitation project, regardless of duration or number of
10 phases, the project's compliance with the foregoing provisions
11 (i) and (ii) shall be determined based on the aggregate amount
12 of qualified expenditures for the entire project and may
13 include expenditures incurred under subsection (a), this
14 subsection, or both subsection (a) and this subsection. If the
15 qualified rehabilitation plan spans multiple years, the
16 aggregate credit for the entire project shall be allowed in
17 the last taxable year, except for phased rehabilitation
18 projects, which may receive credits upon completion of each
19 phase. Before obtaining the first phased credit: (A) the total
20 amount of such expenditures must meet the requirements of
21 provisions (i) and (ii) of this subsection; (B) the
22 rehabilitated portion of the qualified historic structure must
23 be placed in service; and (C) the requirements of subsection
24 (b) must be met.

25 (a-2) For taxable years beginning on or after January 1,
26 2021 and ending prior to January 1, 2022, there shall be

1 allowed a tax credit against the tax imposed by subsections
2 (a) and (b) of Section 201 as provided in Section 10-10.3 of
3 the River Edge Redevelopment Zone Act. The credit allowed
4 under this subsection (a-2) shall apply only to taxpayers that
5 make a capital investment of at least \$1,000,000 in a
6 qualified rehabilitation plan.

7 The credit or credits may not reduce the taxpayer's
8 liability to less than zero. If the amount of the credit or
9 credits exceeds the taxpayer's liability, the excess may be
10 carried forward and applied against the taxpayer's liability
11 in succeeding calendar years in the manner provided under
12 paragraph (4) of Section 211 of this Act. The credit or credits
13 shall be applied to the earliest year for which there is a tax
14 liability. If there are credits from more than one taxable
15 year that are available to offset a liability, the earlier
16 credit shall be applied first.

17 For partners, shareholders of Subchapter S corporations,
18 and owners of limited liability companies, if the liability
19 company is treated as a partnership for the purposes of
20 federal and State income taxation, there shall be allowed a
21 credit under this Section to be determined in accordance with
22 the determination of income and distributive share of income
23 under Sections 702 and 704 and Subchapter S of the Internal
24 Revenue Code.

25 The total aggregate amount of credits awarded under the
26 Blue Collar Jobs Act (Article 20 of this amendatory Act of the

1 101st General Assembly) shall not exceed \$20,000,000 in any
2 State fiscal year.

3 (b) To obtain a tax credit pursuant to this Section, the
4 taxpayer must apply with the Department of Natural Resources.
5 The Department of Natural Resources shall determine the amount
6 of eligible rehabilitation costs and expenses in addition to
7 the amount of the River Edge construction jobs credit within
8 45 days of receipt of a complete application. The taxpayer
9 must submit a certification of costs prepared by an
10 independent certified public accountant that certifies (i) the
11 project expenses, (ii) whether those expenses are qualified
12 expenditures, and (iii) that the qualified expenditures exceed
13 the adjusted basis of the qualified historic structure on the
14 first day the qualified rehabilitation plan commenced. The
15 Department of Natural Resources is authorized, but not
16 required, to accept this certification of costs to determine
17 the amount of qualified expenditures and the amount of the
18 credit. The Department of Natural Resources shall provide
19 guidance as to the minimum standards to be followed in the
20 preparation of such certification. The Department of Natural
21 Resources and the National Park Service shall determine
22 whether the rehabilitation is consistent with the United
23 States Secretary of the Interior's Standards for
24 Rehabilitation.

25 (b-1) Upon completion of the project and approval of the
26 complete application, the Department of Natural Resources

1 shall issue a single certificate in the amount of the eligible
2 credits equal to 25% of qualified expenditures incurred during
3 the eligible taxable years, as defined in subsections (a) and
4 (a-1), excepting any credits awarded under subsection (a)
5 prior to January 1, 2019 (the effective date of Public Act
6 100-629) and any phased credits issued prior to the eligible
7 taxable year under subsection (a-1). At the time the
8 certificate is issued, an issuance fee up to the maximum
9 amount of 2% of the amount of the credits issued by the
10 certificate may be collected from the applicant to administer
11 the provisions of this Section. If collected, this issuance
12 fee shall be deposited into the Historic Property
13 Administrative Fund, a special fund created in the State
14 treasury. Subject to appropriation, moneys in the Historic
15 Property Administrative Fund shall be provided to the
16 Department of Natural Resources as reimbursement for the costs
17 associated with administering this Section.

18 (c) The taxpayer must attach the certificate to the tax
19 return on which the credits are to be claimed. The tax credit
20 under this Section may not reduce the taxpayer's liability to
21 less than zero. If the amount of the credit exceeds the tax
22 liability for the year, the excess credit may be carried
23 forward and applied to the tax liability of the 5 taxable years
24 following the excess credit year.

25 (c-1) Subject to appropriation, moneys in the Historic
26 Property Administrative Fund shall be used, on a biennial

1 basis beginning at the end of the second fiscal year after
2 January 1, 2019 (the effective date of Public Act 100-629), to
3 hire a qualified third party to prepare a biennial report to
4 assess the overall economic impact to the State from the
5 qualified rehabilitation projects under this Section completed
6 in that year and in previous years. The overall economic
7 impact shall include at least: (1) the direct and indirect or
8 induced economic impacts of completed projects; (2) temporary,
9 permanent, and construction jobs created; (3) sales, income,
10 and property tax generation before, during construction, and
11 after completion; and (4) indirect neighborhood impact after
12 completion. The report shall be submitted to the Governor and
13 the General Assembly. The report to the General Assembly shall
14 be filed with the Clerk of the House of Representatives and the
15 Secretary of the Senate in electronic form only, in the manner
16 that the Clerk and the Secretary shall direct.

17 (c-2) The Department of Natural Resources may adopt rules
18 to implement this Section in addition to the rules expressly
19 authorized in this Section.

20 (d) As used in this Section, the following terms have the
21 following meanings.

22 "Phased rehabilitation" means a project that is completed
23 in phases, as defined under Section 47 of the federal Internal
24 Revenue Code and pursuant to National Park Service regulations
25 at 36 C.F.R. 67.

26 "Placed in service" means the date when the property is

1 placed in a condition or state of readiness and availability
2 for a specifically assigned function as defined under Section
3 47 of the federal Internal Revenue Code and federal Treasury
4 Regulation Sections 1.46 and 1.48.

5 "Qualified expenditure" means all the costs and expenses
6 defined as qualified rehabilitation expenditures under Section
7 47 of the federal Internal Revenue Code that were incurred in
8 connection with a qualified historic structure.

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

12 "Qualified rehabilitation plan" means a project that is
13 approved by the Department of Natural Resources and the
14 National Park Service as being consistent with the United
15 States Secretary of the Interior's Standards for
16 Rehabilitation.

17 "Qualified taxpayer" means the owner of the qualified
18 historic structure or any other person who qualifies for the
19 federal rehabilitation credit allowed by Section 47 of the
20 federal Internal Revenue Code with respect to that qualified
21 historic structure. Partners, shareholders of subchapter S
22 corporations, and owners of limited liability companies (if
23 the limited liability company is treated as a partnership for
24 purposes of federal and State income taxation) are entitled to
25 a credit under this Section to be determined in accordance
26 with the determination of income and distributive share of

1 income under Sections 702 and 703 and subchapter S of the
2 Internal Revenue Code, provided that credits granted to a
3 partnership, a limited liability company taxed as a
4 partnership, or other multiple owners of property shall be
5 passed through to the partners, members, or owners
6 respectively on a pro rata basis or pursuant to an executed
7 agreement among the partners, members, or owners documenting
8 any alternate distribution method.

9 (Source: P.A. 100-236, eff. 8-18-17; 100-629, eff. 1-1-19;
10 100-695, eff. 8-3-18; 101-9, eff. 6-5-19; 101-81, eff.
11 7-12-19.)

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