



Rep. Jehan Gordon-Booth

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LRB102 10128 HLH 26531 a

1 AMENDMENT TO SENATE BILL 157

2 AMENDMENT NO. _____. Amend Senate Bill 157 on page 1,
3 line 5, by replacing "Section 221" with "Sections 220, 221,
4 and 228"; and

5 on page 1, immediately below line 5, by inserting the
6 following:

7 "(35 ILCS 5/220)

8 Sec. 220. Angel investment credit.

9 (a) As used in this Section:

10 "Applicant" means a corporation, partnership, limited
11 liability company, or a natural person that makes an
12 investment in a qualified new business venture. The term
13 "applicant" does not include (i) a corporation, partnership,
14 limited liability company, or a natural person who has a
15 direct or indirect ownership interest of at least 51% in the
16 profits, capital, or value of the qualified new business

1 venture receiving the investment or (ii) a related member.

2 "Claimant" means an applicant certified by the Department
3 who files a claim for a credit under this Section.

4 "Department" means the Department of Commerce and Economic
5 Opportunity.

6 "Investment" means money (or its equivalent) given to a
7 qualified new business venture, at a risk of loss, in
8 consideration for an equity interest of the qualified new
9 business venture. The Department may adopt rules to permit
10 certain forms of contingent equity investments to be
11 considered eligible for a tax credit under this Section.

12 "Qualified new business venture" means a business that is
13 registered with the Department under this Section.

14 "Related member" means a person that, with respect to the
15 applicant, is any one of the following:

16 (1) An individual, if the individual and the members
17 of the individual's family (as defined in Section 318 of
18 the Internal Revenue Code) own directly, indirectly,
19 beneficially, or constructively, in the aggregate, at
20 least 50% of the value of the outstanding profits,
21 capital, stock, or other ownership interest in the
22 qualified new business venture that is the recipient of
23 the applicant's investment.

24 (2) A partnership, estate, or trust and any partner or
25 beneficiary, if the partnership, estate, or trust and its
26 partners or beneficiaries own directly, indirectly,

1 beneficially, or constructively, in the aggregate, at
2 least 50% of the profits, capital, stock, or other
3 ownership interest in the qualified new business venture
4 that is the recipient of the applicant's investment.

5 (3) A corporation, and any party related to the
6 corporation in a manner that would require an attribution
7 of stock from the corporation under the attribution rules
8 of Section 318 of the Internal Revenue Code, if the
9 applicant and any other related member own, in the
10 aggregate, directly, indirectly, beneficially, or
11 constructively, at least 50% of the value of the
12 outstanding stock of the qualified new business venture
13 that is the recipient of the applicant's investment.

14 (4) A corporation and any party related to that
15 corporation in a manner that would require an attribution
16 of stock from the corporation to the party or from the
17 party to the corporation under the attribution rules of
18 Section 318 of the Internal Revenue Code, if the
19 corporation and all such related parties own, in the
20 aggregate, at least 50% of the profits, capital, stock, or
21 other ownership interest in the qualified new business
22 venture that is the recipient of the applicant's
23 investment.

24 (5) A person to or from whom there is attribution of
25 ownership of stock in the qualified new business venture
26 that is the recipient of the applicant's investment in

1 accordance with Section 1563(e) of the Internal Revenue
2 Code, except that for purposes of determining whether a
3 person is a related member under this paragraph, "20%"
4 shall be substituted for "5%" whenever "5%" appears in
5 Section 1563(e) of the Internal Revenue Code.

6 (b) For taxable years beginning after December 31, 2010,
7 and ending on or before December 31, 2024 ~~December 31, 2021~~,
8 subject to the limitations provided in this Section, a
9 claimant may claim, as a credit against the tax imposed under
10 subsections (a) and (b) of Section 201 of this Act, an amount
11 equal to 25% of the claimant's investment made directly in a
12 qualified new business venture. In order for an investment in
13 a qualified new business venture to be eligible for tax
14 credits, the business must have applied for and received
15 certification under subsection (e) for the taxable year in
16 which the investment was made prior to the date on which the
17 investment was made. The credit under this Section may not
18 exceed the taxpayer's Illinois income tax liability for the
19 taxable year. If the amount of the credit exceeds the tax
20 liability for the year, the excess may be carried forward and
21 applied to the tax liability of the 5 taxable years following
22 the excess credit year. The credit shall be applied to the
23 earliest year for which there is a tax liability. If there are
24 credits from more than one tax year that are available to
25 offset a liability, the earlier credit shall be applied first.
26 In the case of a partnership or Subchapter S Corporation, the

1 credit is allowed to the partners or shareholders in
2 accordance with the determination of income and distributive
3 share of income under Sections 702 and 704 and Subchapter S of
4 the Internal Revenue Code.

5 (c) The minimum amount an applicant must invest in any
6 single qualified new business venture in order to be eligible
7 for a credit under this Section is \$10,000. The maximum amount
8 of an applicant's total investment made in any single
9 qualified new business venture that may be used as the basis
10 for a credit under this Section is \$2,000,000.

11 (d) The Department shall implement a program to certify an
12 applicant for an angel investment credit. Upon satisfactory
13 review, the Department shall issue a tax credit certificate
14 stating the amount of the tax credit to which the applicant is
15 entitled. The Department shall annually certify that: (i) each
16 qualified new business venture that receives an angel
17 investment under this Section has maintained a minimum
18 employment threshold, as defined by rule, in the State (and
19 continues to maintain a minimum employment threshold in the
20 State for a period of no less than 3 years from the issue date
21 of the last tax credit certificate issued by the Department
22 with respect to such business pursuant to this Section); and
23 (ii) the claimant's investment has been made and remains,
24 except in the event of a qualifying liquidity event, in the
25 qualified new business venture for no less than 3 years.

26 If an investment for which a claimant is allowed a credit

1 under subsection (b) is held by the claimant for less than 3
2 years, other than as a result of a permitted sale of the
3 investment to person who is not a related member, the claimant
4 shall pay to the Department of Revenue, in the manner
5 prescribed by the Department of Revenue, the aggregate amount
6 of the disqualified credits that the claimant received related
7 to the subject investment.

8 If the Department determines that a qualified new business
9 venture failed to maintain a minimum employment threshold in
10 the State through the date which is 3 years from the issue date
11 of the last tax credit certificate issued by the Department
12 with respect to the subject business pursuant to this Section,
13 the claimant or claimants shall pay to the Department of
14 Revenue, in the manner prescribed by the Department of
15 Revenue, the aggregate amount of the disqualified credits that
16 claimant or claimants received related to investments in that
17 business.

18 (e) The Department shall implement a program to register
19 qualified new business ventures for purposes of this Section.
20 A business desiring registration under this Section shall be
21 required to submit a full and complete application to the
22 Department. A submitted application shall be effective only
23 for the taxable year in which it is submitted, and a business
24 desiring registration under this Section shall be required to
25 submit a separate application in and for each taxable year for
26 which the business desires registration. Further, if at any

1 time prior to the acceptance of an application for
2 registration under this Section by the Department one or more
3 events occurs which makes the information provided in that
4 application materially false or incomplete (in whole or in
5 part), the business shall promptly notify the Department of
6 the same. Any failure of a business to promptly provide the
7 foregoing information to the Department may, at the discretion
8 of the Department, result in a revocation of a previously
9 approved application for that business, or disqualification of
10 the business from future registration under this Section, or
11 both. The Department may register the business only if all of
12 the following conditions are satisfied:

13 (1) it has its principal place of business in this
14 State;

15 (2) at least 51% of the employees employed by the
16 business are employed in this State;

17 (3) the business has the potential for increasing jobs
18 in this State, increasing capital investment in this
19 State, or both, as determined by the Department, and
20 either of the following apply:

21 (A) it is principally engaged in innovation in any
22 of the following: manufacturing; biotechnology;
23 nanotechnology; communications; agricultural
24 sciences; clean energy creation or storage technology;
25 processing or assembling products, including medical
26 devices, pharmaceuticals, computer software, computer

1 hardware, semiconductors, other innovative technology
2 products, or other products that are produced using
3 manufacturing methods that are enabled by applying
4 proprietary technology; or providing services that are
5 enabled by applying proprietary technology; or

6 (B) it is undertaking pre-commercialization
7 activity related to proprietary technology that
8 includes conducting research, developing a new product
9 or business process, or developing a service that is
10 principally reliant on applying proprietary
11 technology;

12 (4) it is not principally engaged in real estate
13 development, insurance, banking, lending, lobbying,
14 political consulting, professional services provided by
15 attorneys, accountants, business consultants, physicians,
16 or health care consultants, wholesale or retail trade,
17 leisure, hospitality, transportation, or construction,
18 except construction of power production plants that derive
19 energy from a renewable energy resource, as defined in
20 Section 1 of the Illinois Power Agency Act;

21 (5) at the time it is first certified:

22 (A) it has fewer than 100 employees;

23 (B) it has been in operation in Illinois for not
24 more than 10 consecutive years prior to the year of
25 certification; and

26 (C) it has received not more than \$10,000,000 in

1 aggregate investments;

2 (5.1) it agrees to maintain a minimum employment
3 threshold in the State of Illinois prior to the date which
4 is 3 years from the issue date of the last tax credit
5 certificate issued by the Department with respect to that
6 business pursuant to this Section;

7 (6) (blank); and

8 (7) it has received not more than \$4,000,000 in
9 investments that qualified for tax credits under this
10 Section.

11 (f) The Department, in consultation with the Department of
12 Revenue, shall adopt rules to administer this Section. The
13 aggregate amount of the tax credits that may be claimed under
14 this Section for investments made in qualified new business
15 ventures shall be limited at \$10,000,000 per calendar year, of
16 which \$500,000 shall be reserved for investments made in
17 qualified new business ventures which are minority-owned
18 businesses, women-owned businesses, or businesses owned by a
19 person with a disability (as those terms are used and defined
20 in the Business Enterprise for Minorities, Women, and Persons
21 with Disabilities Act), and an additional \$500,000 shall be
22 reserved for investments made in qualified new business
23 ventures with their principal place of business in counties
24 with a population of not more than 250,000. The foregoing
25 annual allowable amounts shall be allocated by the Department,
26 on a per calendar quarter basis and prior to the commencement

1 of each calendar year, in such proportion as determined by the
2 Department, provided that: (i) the amount initially allocated
3 by the Department for any one calendar quarter shall not
4 exceed 35% of the total allowable amount; (ii) any portion of
5 the allocated allowable amount remaining unused as of the end
6 of any of the first 3 calendar quarters of a given calendar
7 year shall be rolled into, and added to, the total allocated
8 amount for the next available calendar quarter; and (iii) the
9 reservation of tax credits for investments in minority-owned
10 businesses, women-owned businesses, businesses owned by a
11 person with a disability, and in businesses in counties with a
12 population of not more than 250,000 is limited to the first 3
13 calendar quarters of a given calendar year, after which they
14 may be claimed by investors in any qualified new business
15 venture.

16 (g) A claimant may not sell or otherwise transfer a credit
17 awarded under this Section to another person.

18 (h) On or before March 1 of each year, the Department shall
19 report to the Governor and to the General Assembly on the tax
20 credit certificates awarded under this Section for the prior
21 calendar year.

22 (1) This report must include, for each tax credit
23 certificate awarded:

24 (A) the name of the claimant and the amount of
25 credit awarded or allocated to that claimant;

26 (B) the name and address (including the county) of

1 the qualified new business venture that received the
2 investment giving rise to the credit, the North
3 American Industry Classification System (NAICS) code
4 applicable to that qualified new business venture, and
5 the number of employees of the qualified new business
6 venture; and

7 (C) the date of approval by the Department of each
8 claimant's tax credit certificate.

9 (2) The report must also include:

10 (A) the total number of applicants and the total
11 number of claimants, including the amount of each tax
12 credit certificate awarded to a claimant under this
13 Section in the prior calendar year;

14 (B) the total number of applications from
15 businesses seeking registration under this Section,
16 the total number of new qualified business ventures
17 registered by the Department, and the aggregate amount
18 of investment upon which tax credit certificates were
19 issued in the prior calendar year; and

20 (C) the total amount of tax credit certificates
21 sought by applicants, the amount of each tax credit
22 certificate issued to a claimant, the aggregate amount
23 of all tax credit certificates issued in the prior
24 calendar year and the aggregate amount of tax credit
25 certificates issued as authorized under this Section
26 for all calendar years.

1 (i) For each business seeking registration under this
2 Section after December 31, 2016, the Department shall require
3 the business to include in its application the North American
4 Industry Classification System (NAICS) code applicable to the
5 business and the number of employees of the business at the
6 time of application. Each business registered by the
7 Department as a qualified new business venture that receives
8 an investment giving rise to the issuance of a tax credit
9 certificate pursuant to this Section shall, for each of the 3
10 years following the issue date of the last tax credit
11 certificate issued by the Department with respect to such
12 business pursuant to this Section, report to the Department
13 the following:

14 (1) the number of employees and the location at which
15 those employees are employed, both as of the end of each
16 year;

17 (2) the amount of additional new capital investment
18 raised as of the end of each year, if any; and

19 (3) the terms of any liquidity event occurring during
20 such year; for the purposes of this Section, a "liquidity
21 event" means any event that would be considered an exit
22 for an illiquid investment, including any event that
23 allows the equity holders of the business (or any material
24 portion thereof) to cash out some or all of their
25 respective equity interests.

26 (Source: P.A. 100-328, eff. 1-1-18; 100-686, eff. 1-1-19;

1 100-863, eff. 8-14-18; 101-81, eff. 7-12-19.)"; and

2 on page 1, line 21, by replacing "January 1, 2027" with
3 "January 1, 2025"; and

4 on page 8, immediately below line 11, by inserting the
5 following:

6 "(35 ILCS 5/228)

7 Sec. 228. Historic preservation credit. For tax years
8 beginning on or after January 1, 2019 and ending on or before
9 December 31, 2023, a taxpayer who qualifies for a credit under
10 the Historic Preservation Tax Credit Act is entitled to a
11 credit against the taxes imposed under subsections (a) and (b)
12 of Section 201 of this Act as provided in that Act. If the
13 taxpayer is a partnership, ~~or~~ Subchapter S corporation, or a
14 limited liability company the credit shall be allowed to the
15 partners, ~~or~~ shareholders, or members in accordance with the
16 determination of income and distributive share of income under
17 Sections 702 and 704 and Subchapter S of the Internal Revenue
18 Code provided that credits granted to a partnership, a limited
19 liability company taxed as a partnership, or other multiple
20 owners of property shall be passed through to the partners,
21 members, or owners respectively on a pro rata basis or
22 pursuant to an executed agreement among the partners, members,
23 or owners documenting any alternate distribution method. If

1 the amount of any tax credit awarded under this Section
2 exceeds the qualified taxpayer's income tax liability for the
3 year in which the qualified rehabilitation plan was placed in
4 service, the excess amount may be carried forward as provided
5 in the Historic Preservation Tax Credit Act.

6 (Source: P.A. 100-629, eff. 1-1-19; 101-81, eff. 7-12-19.)

7 Section 10. The Historic Preservation Tax Credit Act is
8 amended by changing Sections 5, 10, 20, and 25 as follows:

9 (35 ILCS 31/5)

10 Sec. 5. Definitions. As used in this Act, unless the
11 context clearly indicates otherwise:

12 "Director" means the Director of Natural Resources or his
13 or her designee.

14 "Division" means the State Historic Preservation Office
15 within the Department of Natural Resources.

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

20 "Placed in service" means the date when the property is
21 placed in a condition or state of readiness and availability
22 for a specifically assigned function as defined under Section
23 47 of the federal Internal Revenue Code and federal Treasury
24 Regulation Sections 1.46 and 1.48.

1 "Qualified expenditures" means all the costs and expenses
2 defined as qualified rehabilitation expenditures under Section
3 47 of the federal Internal Revenue Code that were incurred in
4 connection with a qualified rehabilitation plan ~~historic~~
5 ~~structure~~.

6 "Qualified historic structure" means any structure that is
7 located in Illinois and is defined as a certified historic
8 structure under Section 47(c)(3) of the federal Internal
9 Revenue Code.

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

15 "Qualified taxpayer" means the owner of the ~~qualified~~
16 ~~historic~~ structure or any other person or entity who may
17 qualify for the federal rehabilitation credit allowed by
18 Section 47 of the federal Internal Revenue Code.

19 "Recapture event" means any of the following events
20 occurring during the recapture period:

21 (1) failure to place in service the rehabilitated
22 portions of the qualified historic structure, or failure
23 to maintain the rehabilitated portions of the qualified
24 historic structure in service after they are placed in
25 service; provided that a recapture event under this
26 paragraph (1) shall not include a removal from service for

1 a reasonable period of time to conduct maintenance and
2 repairs that are reasonably necessary to protect the
3 health and safety of the public or to protect the
4 structural integrity of the qualified historic structure
5 or a neighboring structure;

6 (2) demolition or other alteration of the qualified
7 historic structure in a manner that is inconsistent with
8 the qualified rehabilitation plan or the Secretary of the
9 Interior's Standards for Rehabilitation;

10 (3) disposition of the rehabilitated qualified
11 historic structure in whole or a proportional disposition
12 of a partnership interest therein, except as otherwise
13 permitted by this Section; or

14 (4) use of the qualified historic structure in a
15 manner that is inconsistent with the qualified
16 rehabilitation plan or that is otherwise inconsistent with
17 the provisions and intent of this Section.

18 A recapture event occurring in one taxable year shall be
19 deemed continuing to subsequent taxable years unless and until
20 corrected.

21 The following dispositions of a qualified historic
22 structure shall not be deemed to be a recapture event for
23 purposes of this Section:

24 (1) a transfer by reason of death;

25 (2) a transfer between spouses incident to divorce;

26 (3) a sale by and leaseback to an entity that, when the

1 rehabilitated portions of the qualified historic structure
2 are placed in service, will be a lessee of the qualified
3 historic structure, but only for so long as the entity
4 continues to be a lessee; and

5 (4) a mere change in the form of conducting the trade
6 or business by the owner (or, if applicable, the lessee)
7 of the qualified historic structure, so long as the
8 property interest in such qualified historic structure is
9 retained in such trade or business and the owner or lessee
10 retains a substantial interest in such trade or business.

11 "Recapture period" means the 5-year period beginning on
12 the date that the qualified historic structure or
13 rehabilitated portions of the qualified historic structure are
14 placed in service.

15 ~~"Substantial rehabilitation" means that the qualified~~
16 ~~rehabilitation expenditures during the 24 month period~~
17 ~~selected by the taxpayer at the time and in the manner~~
18 ~~prescribed by rule and ending with or within the taxable year~~
19 ~~exceed the greater of (i) the adjusted basis of the building~~
20 ~~and its structural components or (ii) \$5,000. The adjusted~~
21 ~~basis of the building and its structural components shall be~~
22 ~~determined as of the beginning of the first day of such~~
23 ~~24-month period or as of the beginning of the first day of the~~
24 ~~holding period of the building, whichever is later. For~~
25 ~~purposes of determining the adjusted basis, the determination~~
26 ~~of the beginning of the holding period shall be made without~~

1 ~~regard to any reconstruction by the taxpayer in connection~~
2 ~~with the rehabilitation. In the case of any phased~~
3 ~~rehabilitation, with phases set forth in architectural plans~~
4 ~~and specifications completed before the rehabilitation begins,~~
5 ~~this definition shall be applied by substituting "60 month~~
6 ~~period" for "24 month period" wherever that term occurs in the~~
7 ~~definition.~~

8 (Source: P.A. 100-629, eff. 1-1-19.)

9 (35 ILCS 31/10)

10 Sec. 10. Allowable credit.

11 (a) To the extent authorized by this Act, for taxable
12 years beginning on or after January 1, 2019 and ending on or
13 before December 31, 2023, there shall be allowed a tax credit
14 to the qualified taxpayer against the tax imposed by
15 subsections (a) and (b) of Section 201 of the Illinois Income
16 Tax Act in an aggregate amount equal to 25% of qualified
17 expenditures, but not to exceed \$3,000,000, incurred ~~by a~~
18 ~~qualified taxpayer~~ undertaking a qualified rehabilitation plan
19 ~~of a qualified historic structure,~~ provided that the total
20 amount of such expenditures must (i) equal \$5,000 or more and
21 ~~or~~ (ii) exceed the adjusted basis of the ~~qualified historic~~
22 structure on the first day the qualified rehabilitation plan
23 commenced. If the qualified rehabilitation plan spans multiple
24 years, the aggregate credit for the entire project shall be
25 allowed in the last taxable year.

1 (b) To obtain a tax credit certificate pursuant to this
2 Section, the qualified taxpayer must apply with the Division.
3 The Division shall determine the amount of eligible
4 rehabilitation expenditures within 45 days after receipt of a
5 complete application. The taxpayer must provide to the
6 Division a third-party cost certification conducted by a
7 certified public accountant verifying (i) the qualified and
8 non-qualified rehabilitation expenses and (ii) that the
9 qualified expenditures exceed the adjusted basis of the
10 ~~qualified historic~~ structure on the first day the qualified
11 rehabilitation plan commenced. The accountant shall provide
12 appropriate review and testing of invoices. The Division is
13 authorized, but not required, to accept this third-party cost
14 certification to determine the amount of qualified
15 expenditures. The Division and the National Park Service shall
16 determine whether the rehabilitation is consistent with the
17 Standards of the Secretary of the United States Department of
18 the Interior.

19 (c) If the amount of any tax credit awarded under this Act
20 exceeds the qualified taxpayer's income tax liability for the
21 year in which the qualified rehabilitation plan was placed in
22 service, the excess amount may be carried forward for
23 deduction from the taxpayer's income tax liability in the next
24 succeeding year or years until the total amount of the credit
25 has been used, except that a credit may not be carried forward
26 for deduction after the tenth taxable year after the taxable

1 year in which the qualified rehabilitation plan was placed in
2 service. Upon completion of the project and approval of the
3 complete application ~~review of the project~~, the Division shall
4 issue a single certificate in the amount of the eligible
5 credits equal to 25% of the qualified expenditures incurred
6 during the eligible taxable years, not to exceed the lesser of
7 the allocated amount or \$3,000,000 per single qualified
8 rehabilitation plan. Prior to the issuance of the tax credit
9 certificate, the qualified taxpayer must provide to the
10 Division verification that the rehabilitated structure is a
11 qualified historic structure. At the time the certificate is
12 issued, an issuance fee up to the maximum amount of 2% of the
13 amount of the credits issued by the certificate may be
14 collected from the qualified taxpayer ~~applicant~~ to administer
15 the Act. If collected, this issuance fee shall be directed to
16 the Division Historic Property Administrative Fund or other
17 such fund as appropriate for use of the Division in the
18 administration of the Historic Preservation Tax Credit
19 Program. The taxpayer must attach the certificate or legal
20 documentation of her or his proportional share of the
21 certificate to the tax return on which the credits are to be
22 claimed. The tax credit under this Section may not reduce the
23 taxpayer's liability to less than zero. If the amount of the
24 credit exceeds the tax liability for the year, the excess
25 credit may be carried forward and applied to the tax liability
26 of the 10 taxable years following the first excess credit

1 year. The taxpayer is not eligible to receive credits under
2 this Section and under Section 221 of the Illinois Income Tax
3 Act for the same qualified expenditures or qualified
4 rehabilitation plan.

5 (d) If the taxpayer is (i) a corporation having an
6 election in effect under Subchapter S of the federal Internal
7 Revenue Code, (ii) a partnership, or (iii) a limited liability
8 company, the credit provided under this Act may be claimed by
9 the shareholders of the corporation, the partners of the
10 partnership, or the members of the limited liability company
11 in the same manner as those shareholders, partners, or members
12 account for their proportionate shares of the income or losses
13 of the corporation, partnership, or limited liability company,
14 or as provided in the bylaws or other executed agreement of the
15 corporation, partnership, or limited liability company.
16 Credits granted to a partnership, a limited liability company
17 taxed as a partnership, or other multiple owners of property
18 shall be passed through to the partners, members, or owners
19 respectively on a pro rata basis or pursuant to an executed
20 agreement among the partners, members, or owners documenting
21 any alternate distribution method.

22 (e) If a recapture event occurs during the recapture
23 period with respect to a qualified historic structure, then
24 for any taxable year in which the credits are allowed as
25 specified in this Act, the tax under the applicable Section of
26 this Act shall be increased by applying the recapture

1 percentage set forth below to the tax decrease resulting from
2 the application of credits allowed under this Act to the
3 taxable year in question.

4 For the purposes of this subsection, the recapture
5 percentage shall be determined as follows:

6 (1) if the recapture event occurs within the first
7 year after commencement of the recapture period, then the
8 recapture percentage is 100%;

9 (2) if the recapture event occurs within the second
10 year after commencement of the recapture period, then the
11 recapture percentage is 80%;

12 (3) if the recapture event occurs within the third
13 year after commencement of the recapture period, then the
14 recapture percentage is 60%;

15 (4) if the recapture event occurs within the fourth
16 year after commencement of the recapture period, then the
17 recapture percentage is 40%; and

18 (5) if the recapture event occurs within the fifth
19 year after commencement of the recapture period, then the
20 recapture percentage is 20%.

21 In the case of any recapture event, the carryforwards
22 under this Act shall be adjusted by reason of such event.

23 (f) The Division may adopt rules to implement this Section
24 in addition to the rules expressly authorized herein.

25 (Source: P.A. 100-629, eff. 1-1-19; 101-81, eff. 7-12-19.)

1 (35 ILCS 31/20)

2 Sec. 20. Limitations, reporting, and monitoring.

3 (a) In every calendar year that this program is in effect,
4 the Division is authorized to allocate \$15,000,000 in tax
5 credits in addition to any unallocated, returned, or rescinded
6 allocations from previous years, pursuant to qualified
7 rehabilitation plans. ~~The Division shall award not more than~~
8 ~~an aggregate of \$15,000,000 in total annual tax credits~~
9 ~~pursuant to qualified rehabilitation plans for qualified~~
10 ~~historic structures.~~ The Division shall not allocate or award
11 ~~award not~~ more than \$3,000,000 in tax credits with regard to a
12 single qualified rehabilitation plan. In allocating ~~awarding~~
13 tax credits under this Act, the Division must prioritize
14 applications ~~projects~~ that meet one or more of the following:

15 (1) the ~~qualified historic~~ structure is located in a
16 county that borders a State with a historic
17 income-producing property rehabilitation credit;

18 (2) the ~~qualified historic~~ structure was previously
19 owned by a federal, state, or local governmental entity
20 for no less than 6 months;

21 (3) the ~~qualified historic~~ structure is located in a
22 census tract that has a median family income at or below
23 the State median family income; data from the most recent
24 5-year estimate from the American Community Survey (ACS),
25 published by the U.S. Census Bureau, shall be used to
26 determine eligibility;

1 (4) the qualified rehabilitation plan includes in the
2 development partnership a Community Development Entity or
3 a low-profit (B Corporation) or not-for-profit
4 organization, as defined by Section 501(c)(3) of the
5 Internal Revenue Code; or

6 (5) the ~~qualified historic~~ structure is located in an
7 area declared under an Emergency Declaration or Major
8 Disaster Declaration under the federal Robert T. Stafford
9 Disaster Relief and Emergency Assistance Act. The
10 declaration must be no older than 3 years at the time of
11 application.

12 (b) The annual aggregate authorization ~~program allocation~~
13 of \$15,000,000 set forth in subsection (a) shall be allocated
14 by the Division, in such proportion as determined by the
15 Director ~~Department, on a per calendar basis~~ twice in each
16 calendar year that the program is in effect, provided that:
17 ~~(i)~~ the amount initially allocated by the Division for the
18 first ~~any one~~ calendar year application period shall not
19 exceed 65% of the total ~~allowable~~ amount available for
20 allocation. Any unallocated ~~and (ii) any portion of the~~
21 ~~allocated allowable~~ amount remaining ~~unused~~ as of the end of
22 ~~any of~~ the second ~~calendar~~ application period of a given
23 calendar year shall be rolled over ~~into~~ and added to the total
24 authorized ~~allocated~~ amount for the next available calendar
25 year. The qualified rehabilitation plan must meet a readiness
26 test, as defined ~~in the rules created~~ by the Division, in order

1 for the application ~~Applicant~~ to qualify. In any given
2 application period, applications ~~Applicants~~ that qualify under
3 this Act will be prioritized as set forth in subsection (a) and
4 placed in a queue based on the date and time the application is
5 received. Applicants whose applications qualify but do not
6 receive an allocation until such time as the application
7 period total allowable amount is reached. ~~Applicants~~ must
8 reapply to be considered in subsequent ~~for each~~ application
9 periods ~~period~~.

10 (c) Subject ~~On or before December 31, 2019, and on or~~
11 ~~before December 31 of each odd-numbered year thereafter~~
12 ~~through 2023, subject to appropriation and prior to equal~~
13 ~~disbursement~~ to the Division, moneys in the Historic Property
14 Administrative Fund shall be used, on a biennial basis,
15 beginning at the end of the second ~~first~~ fiscal year after the
16 effective date of this Act, to hire a qualified third party to
17 prepare a biennial report to assess the overall impact
18 ~~effectiveness~~ of this Act from the qualified rehabilitation
19 plans ~~projects~~ under this Act completed in that year and in
20 previous years. Baseline data of the metrics in the report
21 shall be collected at the initiation of a qualified
22 rehabilitation plan ~~project~~. The overall economic impact shall
23 include at least:

24 (1) the number of applications, project locations, and
25 proposed use of qualified historic structures;

26 (2) the amount of credits awarded and the number and

1 location of projects receiving credit allocations;

2 (3) the status of ongoing projects and projected
3 qualifying expenditures for ongoing projects;

4 (4) for completed projects, the total amount of
5 qualifying rehabilitation expenditures and non-qualifying
6 expenditures, the number of housing units created and the
7 number of housing units that qualify as affordable, and
8 the total square footage rehabilitated and developed;

9 (5) direct, indirect, and induced economic impacts;

10 (6) temporary, permanent, and construction jobs
11 created; and

12 (7) sales, income, and property tax generation before
13 construction, during construction, and after completion.

14 The report to the General Assembly shall be filed with the
15 Clerk of the House of Representatives and the Secretary of the
16 Senate in electronic form only, in the manner that the Clerk
17 and the Secretary shall direct.

18 (d) Any time prior to issuance of a tax credit
19 certificate, the Director of the Division, the State Historic
20 Preservation Officer, or staff of the Division may, upon
21 reasonable notice ~~to the project owner~~ of not less than 3
22 business days, conduct a site visit to the project to inspect
23 and evaluate the project.

24 (e) Any time prior to the issuance of a tax credit
25 certificate ~~and for a period of 4 years following the~~
26 ~~effective date of a project tax credit certificate,~~ the

1 Director may, upon reasonable notice of not less than 30
2 calendar days, request a status report from the Applicant
3 consisting of information and updates relevant to the status
4 of the project. Status reports shall not be requested more
5 than twice yearly.

6 (f) In order to demonstrate sufficient evidence of
7 reviewable progress within 12 months after the date the
8 Applicant received notification of allocation approval from
9 the Division, the Director may require the Applicant to shall
10 provide all of the following:

11 (1) a viable financial plan which demonstrates by way
12 of an executed agreement that all financing has been
13 secured for the project; such financing shall include, but
14 not be limited to, equity investment as demonstrated by
15 letters of commitment from the owner of the property,
16 investment partners, and equity investors;

17 (2) (blank); ~~final construction drawings or approved~~
18 ~~building permits that demonstrate the complete~~
19 ~~rehabilitation of the full scope of the application;~~ and

20 (3) all historic approvals, including all federal and
21 State rehabilitation documents required by the Division.

22 The Director shall review the submitted evidence and may
23 request additional documentation from the Applicant if
24 necessary. The Applicant will have 30 calendar days to provide
25 the information requested, otherwise the allocation approval
26 may be rescinded at the discretion of the Director.

1 (g) In order to demonstrate sufficient evidence of
2 reviewable progress within 24 ~~18~~ months after the date the
3 application received notification of approval from the
4 Division, the Director may require the Applicant ~~is required~~
5 to provide detailed evidence that the Applicant has secured
6 and closed on financing for the complete scope of
7 rehabilitation for the project. To demonstrate evidence that
8 the Applicant has secured and closed on financing, the
9 Applicant will need to provide signed and processed loan
10 agreements, bank financing documents or other legal and
11 contractual evidence to demonstrate that adequate financing is
12 available to complete the project. The Director shall review
13 the submitted evidence and may request additional
14 documentation from the Applicant if necessary. The Applicant
15 will have 30 calendar days to provide the information
16 requested, otherwise the allocation approval may be rescinded
17 at the discretion of the Director.

18 If the Applicant fails to document reviewable progress
19 within 24 ~~18~~ months of approval, the Director may notify the
20 Applicant that the allocation application is rescinded.
21 However, should financing and construction be imminent, the
22 Director may elect to grant the Applicant no more than 5 months
23 to close on financing and commence construction. If the
24 Applicant fails to meet these conditions in the required
25 timeframe, the Director shall notify the Applicant that the
26 allocation application is rescinded. Any such rescinded

1 allocation shall be added to the aggregate amount of credits
2 available for allocation for the year in which the forfeiture
3 occurred.

4 The amount of the qualified expenditures identified in the
5 qualified taxpayer's ~~Applicant's~~ certification of completion
6 and reflected on the Historic Preservation Tax Credit
7 certificate issued by the Director is subject to inspection,
8 examination, and audit by the Department of Revenue.

9 The qualified taxpayer ~~Applicant~~ shall establish and
10 maintain for a period of 4 years following the effective date
11 on a project tax credit certificate such records as required
12 by the Director. Such records include, but are not limited to,
13 records documenting project expenditures and compliance with
14 the U.S. Secretary of the Interior's Standards. The qualified
15 taxpayer ~~Applicant~~ shall make such records available for
16 review and verification by the Director, the State Historic
17 Preservation Officer, the Department of Revenue, or
18 appropriate staff, as well as other appropriate State
19 agencies. In the event the Director determines an Applicant
20 has submitted a status ~~an annual~~ report containing erroneous
21 information or data not supported by records established and
22 maintained under this Act, the Director may, after providing
23 notice, require the Applicant to resubmit corrected reports.

24 (Source: P.A. 100-629, eff. 1-1-19.)

1 Sec. 25. Powers. The Division may ~~shall~~ adopt rules for
2 the administration of this Act. The Division may enter into an
3 intergovernmental agreement with the Department of Commerce
4 and Economic Opportunity, the Department of Revenue, or both,
5 for the administration of this Act. Such intergovernmental
6 agreement may allow for the distribution of all or a portion of
7 the issuance fee imposed under Section 10 to the Department of
8 Commerce and Economic Opportunity or the Department of
9 Revenue, as applicable.

10 (Source: P.A. 100-629, eff. 1-1-19.)".