

# HB3774



## 96TH GENERAL ASSEMBLY

### State of Illinois

2009 and 2010

**HB3774**

Introduced 2/25/2009, by Rep. Edward J. Acevedo

#### SYNOPSIS AS INTRODUCED:

New Act  
35 ILCS 5/218 new

Creates the Trade Show Income Tax Credit Act. Authorizes the Department of Commerce and Economic Opportunity to award income tax credits to trade show managers for locating large trade shows in Illinois and using Illinois labor. The credit ranges from 25% to 45% of Illinois labor expenditures, up to \$10,000 per applicant per trade show. Promotes training and recruitment and a diversity plan. Allows for transfers of credits. Requires reports by the Department. Amends the Illinois Income Tax Act to implement the credit. Effective immediately.

LRB096 09527 RCE 19684 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 1. Short title. This Act may be cited as the Trade  
5 Show Income Tax Credit Act.

6 Section 5. Purpose. The General Assembly finds that the  
7 Illinois economy is highly vulnerable to other states that have  
8 major financial incentive programs targeted to the trade show  
9 industry. Because of the incentive programs of these competitor  
10 locations, Illinois must move aggressively with new business  
11 development investment tools so that Illinois is more  
12 competitive in site location decision-making for trade shows,  
13 especially large trade shows. In an increasingly global  
14 economy, Illinois' long-term development will benefit from  
15 rational, strategic use of State resources in support of trade  
16 show development and growth. It is the purpose of this Act to  
17 preserve and expand the existing human infrastructure for the  
18 trade show industry in Illinois. It is the policy of this State  
19 to promote and encourage the training and hiring of Illinois  
20 residents who represent the diversity of the Illinois  
21 population through the creation and implementation of  
22 training, education, and recruitment programs organized in  
23 cooperation with Illinois colleges and universities, labor

1 organizations, and the trade show industry.

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

3 "Accredited trade show" means a trade show, not including a  
4 show targeted to consumers or the general public, held in  
5 Illinois that occupies over 50,000 square feet of exhibit space  
6 and uses the customary labor associated with assembling the  
7 show. The show itself must be from one to 11 days in duration,  
8 and the time from the first day of installation to the last day  
9 of dismantling must be no more than 25 days.

10 "Accredited trade show certificate" means a certificate  
11 issued by the Department certifying that the trade show is an  
12 accredited trade show that meets the guidelines of this Act.

13 "Applicant" means a taxpayer that is a trade show manager.

14 "Credit" means an amount equal to 25% of the Illinois labor  
15 expenditure approved by the Department, up to \$10,000 per  
16 applicant per trade show. For a trade show that is new to  
17 Illinois or has not located in Illinois during the previous 5  
18 years, the percentage is 45%. For a trade show that enters into  
19 a binding multi-year contract to locate in Illinois, the  
20 percentage is 45% for the second and each subsequent year of  
21 the contract.

22 "Department" means the Department of Commerce and Economic  
23 Opportunity.

24 "Director" means the Director of Commerce and Economic  
25 Opportunity.

1 "Illinois labor expenditure" means salary or wages paid to  
2 employees of the applicant for installation and dismantling of  
3 an accredited trade show. To qualify as an Illinois labor  
4 expenditure, the expenditure must be:

5 (1) Reasonable in the circumstances.

6 (2) Directly attributable to the accredited trade  
7 show.

8 (3) Paid in the tax year for which the applicant is  
9 claiming the credit or no later than 60 days after the end  
10 of the tax year.

11 (4) Paid to persons resident in Illinois at the time  
12 the payments were made.

13 (5) Paid for services rendered in Illinois.

14 Section 15. Powers of the Department. The Department, in  
15 addition to those powers granted under the Civil Administrative  
16 Code of Illinois, is granted and has all the powers necessary  
17 or convenient to carry out and effectuate the purposes and  
18 provisions of this Act, including, but not limited to, power  
19 and authority to:

20 (a) Adopt rules deemed necessary and appropriate for the  
21 administration of the tax credit program; establish forms for  
22 applications, notifications, contracts, or any other  
23 agreements; and accept applications at any time during the  
24 year.

25 (b) Assist applicants pursuant to the provisions of this

1 Act to promote, foster, and support trade shows and the related  
2 job creation or retention within the State.

3 (c) Gather information and conduct inquiries, in the manner  
4 and by the methods as it deems desirable, including any  
5 information required for the Department to comply with Section  
6 45 and, without limitation, gathering information with respect  
7 to applicants for the purpose of making any designations or  
8 certifications necessary or desirable or to gather information  
9 to assist the Department with any recommendation or guidance in  
10 the furtherance of the purposes of this Act, including, but not  
11 limited to, information as to whether the applicant  
12 participated in training, education, and recruitment programs  
13 that are organized in cooperation with Illinois colleges and  
14 universities, labor organizations, and the trade show  
15 industry, and are designed to promote and encourage the  
16 training and hiring of Illinois residents who represent the  
17 diversity of the Illinois population.

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

24 (e) Require applicants, upon written request, to issue any  
25 necessary authorization to the appropriate federal, state, or  
26 local authority for the release of information concerning a

1 project being considered under the provisions of this Act, with  
2 the information requested to include, but not be limited to,  
3 financial reports, returns, or records relating to the  
4 applicant or the accredited trade show.

5 (f) Require that an applicant must at all times keep proper  
6 books of record and account in accordance with generally  
7 accepted accounting principles consistently applied, with the  
8 books, records, or papers related to the accredited trade show  
9 in the custody or control of the taxpayer open for reasonable  
10 Department inspection and audits, and including, without  
11 limitation, the making of copies of the books, records, or  
12 papers, and the inspection or appraisal of any of the assets of  
13 the applicant or the accredited trade show.

14 (g) Take whatever actions are necessary or appropriate to  
15 protect the State's interest in the event of bankruptcy,  
16 default, foreclosure, or noncompliance with the terms and  
17 conditions of financial assistance or participation required  
18 under this Act, including the power to sell, dispose, lease, or  
19 rent, upon terms and conditions determined by the Director to  
20 be appropriate, real or personal property that the Department  
21 may receive as a result of these actions.

22 Section 20. Tax credit awards. Subject to the conditions  
23 set forth in this Act, an applicant is entitled to a credit as  
24 approved by the Department under Section 40 of this Act.

1           Section 25. Application for certification of accredited  
2 trade show. Any applicant proposing a trade show located or  
3 planned to be located in Illinois may request an accredited  
4 trade show certificate by formal application to the Department.

5           Section 30. Review of application for accredited trade show  
6 certificate.

7           (a) In determining whether to issue an accredited trade  
8 show certificate, the Department must determine that a  
9 preponderance of the following conditions exist:

10           (1) The applicant's trade show intends to make the  
11 expenditure in the State required for certification.

12           (2) The applicant's trade show is economically sound  
13 and will benefit the people of the State of Illinois by  
14 increasing opportunities for employment and strengthen the  
15 economy of Illinois.

16           (3) The applicant has filed a diversity plan with the  
17 Department outlining specific goals (i) for hiring  
18 minority persons and females, as defined in the Business  
19 Enterprise for Minorities, Females, and Persons with  
20 Disabilities Act, and (ii) for using vendors receiving  
21 certification under the Business Enterprise for  
22 Minorities, Females, and Persons with Disabilities Act;  
23 the Department has approved the plan as meeting the  
24 requirements established by the Department; and the  
25 Department has verified that the applicant has met or made

1 good-faith efforts in achieving those goals. The  
2 Department must adopt any rules that are necessary to  
3 ensure compliance with the provisions of this item (3) and  
4 that are necessary to require that the applicant's plan  
5 reflects the diversity of this State.

6 (4) The applicant's trade show application indicates  
7 whether the applicant intends to participate in training,  
8 education, and recruitment programs that are organized in  
9 cooperation with Illinois colleges and universities, labor  
10 organizations, and the trade show industry and are designed  
11 to promote and encourage the training and hiring of  
12 Illinois residents who represent the diversity of the  
13 Illinois population.

14 (5) That, if not for the credit, the applicant's trade  
15 show would not occur in Illinois, which may be demonstrated  
16 by any means including, but not limited to, evidence that  
17 the applicant has multi-state or international location  
18 options and could reasonably and efficiently locate  
19 outside of the State, or demonstration that at least one  
20 other state or nation is being considered for the trade  
21 show, or evidence that the receipt of the credit is a major  
22 factor in the applicant's decision and that without the  
23 credit the applicant likely would not create or retain jobs  
24 in Illinois, or demonstration that receiving the credit is  
25 essential to the applicant's decision to create or retain  
26 new jobs in the State.



1           (6) Awarding the credit will result in an overall  
2           positive impact to the State, as determined by the  
3           Department using the best available data.

4           (b) If any of the provisions in this Section conflict with  
5           any existing collective bargaining agreements, the terms and  
6           conditions of those collective bargaining agreements shall  
7           control.

8           Section 35. Issuance of Tax Credit Certificate.

9           (a) In order to qualify for a tax credit under this Act, an  
10          applicant must file an application, on forms prescribed by the  
11          Department, providing information necessary to calculate the  
12          tax credit, and any additional information as required by the  
13          Department.

14          (b) Upon satisfactory review of the application, the  
15          Department shall issue a Tax Credit Certificate stating the  
16          amount of the tax credit to which the applicant is entitled.

17          Section 40. Amount, duration, and transfer of the credit.  
18          The amount of the credit awarded under this Act is based on the  
19          amount of the Illinois labor expenditure and Illinois  
20          production spending approved by the Department for the  
21          production as set forth under Section 10. The duration of the  
22          credit may not exceed one taxable year. All or part of a credit  
23          may be transferred to another taxpayer for at least 75% but not  
24          more than 85% of the amount of the credit.

1           Section 43. Training programs for skills in critical  
2 demand. To accomplish the purposes of this Act, the Department  
3 may use the training programs provided for Illinois under  
4 Section 605-800 of the Department of Commerce and Economic  
5 Opportunity Law of the Civil Administrative Code of Illinois.

6           Section 45. Evaluation of tax credit program; reports to  
7 the General Assembly.

8           (a) The Department shall evaluate the tax credit program.  
9 The evaluation must include an assessment of the effectiveness  
10 of the program in creating and retaining new jobs in Illinois  
11 and of the revenue impact of the program, and may include a  
12 review of the practices and experiences of other states or  
13 nations with similar programs. Upon completion of this  
14 evaluation, the Department shall determine the overall success  
15 of the program, and may make a recommendation to extend,  
16 modify, or not extend the program based on this evaluation.

17           (b) At the end of each fiscal quarter, the Department must  
18 submit to the General Assembly a report that includes, without  
19 limitation, the following information:

20           (1) the economic impact of the tax credit program,  
21 including the number of jobs created and retained,  
22 including whether the job positions are entry level,  
23 management, talent-related, vendor-related, or trade  
24 show-related;

1           (2) the amount of trade show spending brought to  
2 Illinois, including the amount of spending and type of  
3 Illinois vendors hired in connection with an accredited  
4 trade show; and

5           (3) an overall picture of whether the human  
6 infrastructure of the trade show industry in Illinois  
7 reflects the geographical, racial and ethnic, gender, and  
8 income-level diversity of the State of Illinois.

9           (c) At the end of each fiscal year, the Department must  
10 submit to the General Assembly a report that includes, without  
11 limitation, the following information:

12           (1) an identification of each vendor that provided  
13 goods or services that were included in an accredited trade  
14 show's Illinois production spending;

15           (2) the amount paid to each identified vendor by the  
16 accredited trade show;

17           (3) for each identified vendor, a statement as to  
18 whether the vendor is a minority owned business or a female  
19 owned business, as defined under Section 2 of the Business  
20 Enterprise for Minorities, Females, and Persons with  
21 Disabilities Act; and

22           (4) a description of any steps taken by the Department  
23 to encourage accredited trade shows to use vendors who are  
24 a minority owned business or a female owned business.

25           Section 50. Program terms and conditions. Any documentary

1 materials or data made available or received by any agent or  
2 employee of the Department are confidential and are not public  
3 records to the extent that the materials or data consist of  
4 commercial or financial information regarding the operation of  
5 the trade show of the applicant for or recipient of any tax  
6 credit under this Act.

7 Section 90. The Illinois Income Tax Act is amended by  
8 adding Section 218 as follows:

9 (35 ILCS 5/218 new)

10 Sec. 218. Trade show income tax credit. For tax years  
11 beginning on or after January 1, 2010, a taxpayer who has been  
12 awarded a tax credit under the Trade Show Income Tax Credit Act  
13 is entitled to a credit against the taxes imposed under  
14 subsections (a) and (b) of Section 201 of this Act in an amount  
15 determined by the Department of Commerce and Economic  
16 Opportunity under those Acts. If the taxpayer is a partnership  
17 or Subchapter S corporation, the credit is allowed to the  
18 partners or shareholders in accordance with the determination  
19 of income and distributive share of income under Sections 702  
20 and 704 and Subchapter S of the Internal Revenue Code.

21 A transfer of this credit may be made by the taxpayer  
22 earning the credit within one year after the credit is awarded  
23 in accordance with rules adopted by the Department of Commerce  
24 and Economic Opportunity.

1       The Department, in cooperation with the Department of  
2       Commerce and Economic Opportunity, must prescribe rules to  
3       enforce and administer the provisions of this Section. This  
4       Section is exempt from the provisions of Section 250 of this  
5       Act.

6       The credit may not be carried back. If the amount of the  
7       credit exceeds the tax liability for the year, the excess may  
8       be carried forward and applied to the tax liability of the 5  
9       taxable years following the excess credit year. The credit  
10       shall be applied to the earliest year for which there is a tax  
11       liability. If there are credits from more than one tax year  
12       that are available to offset a liability, the earlier credit  
13       shall be applied first. In no event shall a credit under this  
14       Section reduce the taxpayer's liability to less than zero.

15       Section 99. Effective date. This Act takes effect upon  
16       becoming law.