



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB2403

Introduced 2/4/2025, by Rep. Jay Hoffman - Brad Stephens

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois. Provides that the Department of Commerce and Economic Opportunity may certify a taxpayer for an exemption from any State or local use tax or retailers' occupation tax on building materials that will be incorporated into real estate at a megaproject site. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that a retailer that makes a qualified sale of building materials to be incorporated into real estate at a megaproject site may deduct the receipts from such sales when calculating the taxes imposed by those Acts. Amends the Property Tax Code. Creates the Megaproject Assessment Freeze and Payment Law. Provides that a "megaproject" is a project that meets certain investment and job creation specifications. Provides that the megaproject property is eligible for an assessment freeze. Provides that megaproject property may be granted an abatement. Provides that a company that operates a megaproject shall enter into an agreement with the municipality in which the project is located and other local taxing districts to make certain special payments. Effective July 1, 2025.

LRB104 09082 HLH 19138 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 3. The Department of Commerce and Economic  
5 Opportunity Law of the Civil Administrative Code of Illinois  
6 is amended by adding Section 605-1118 as follows:

7 (20 ILCS 605/605-1118 new)

8 Sec. 605-1118. Megaproject building materials exemption.

9 (a) The Department may certify a taxpayer for an exemption  
10 from any State or local use tax or retailers' occupation tax on  
11 building materials that will be incorporated into real estate  
12 at a megaproject site. The taxpayer must meet all of the  
13 criteria for certification set forth in Division 22 of Article  
14 10 of the Property Tax Code. This certification is in addition  
15 to and does not replace or amend the megaproject certificate  
16 under Division 22 of Article 10 of the Property Tax Code. The  
17 Department shall not issue exemptions under this Section after  
18 December 31, 2031.

19 (b) The Department shall determine the period during which  
20 the exemption from State and local use taxes and retailers'  
21 occupation taxes is in effect, but in no event shall the  
22 initial period exceed 10 years. The certificate may be renewed  
23 for a period not to exceed 5 years. Upon certification by the

1 Department under this Section, the Department shall notify the  
2 Department of Revenue of the certification. The exemption  
3 status shall take effect within 3 months after certification  
4 of the taxpayer and notice to the Department of Revenue by the  
5 Department.

6 (c) If the Department determines, in accordance with the  
7 Administrative Review Law and the Illinois Administrative  
8 Procedure Act, that the taxpayer is not in compliance with  
9 Division 22 of Article 10 of the Property Tax Code, the  
10 Department shall revoke the certification under this Section  
11 by written notice to the taxpayer. The Department shall  
12 transmit a copy of the revocation to the Department of  
13 Revenue. If the taxpayer's certification is revoked, the  
14 taxpayer must repay any exempted amount of State or local use  
15 tax or retailers' occupation tax.

16 (d) The Department may adopt rules as are reasonable and  
17 necessary to implement the provisions of this Section.

18 Section 5. The Use Tax Act is amended by changing Section  
19 12 as follows:

20 (35 ILCS 105/12) (from Ch. 120, par. 439.12)

21 Sec. 12. Applicability of Retailers' Occupation Tax Act  
22 and Uniform Penalty and Interest Act. All of the provisions of  
23 Sections 1d, 1e, 1f, 1i, 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12,  
24 2-28, 2-29, 2-54, 2a, 2b, 2c, 3, 4 (except that the time

1 limitation provisions shall run from the date when the tax is  
2 due rather than from the date when gross receipts are  
3 received), 5 (except that the time limitation provisions on  
4 the issuance of notices of tax liability shall run from the  
5 date when the tax is due rather than from the date when gross  
6 receipts are received and except that in the case of a failure  
7 to file a return required by this Act, no notice of tax  
8 liability shall be issued on and after each July 1 and January  
9 1 covering tax due with that return during any month or period  
10 more than 6 years before that July 1 or January 1,  
11 respectively), 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5j, 5k, 5l, 5m,  
12 5n, 7, 8, 9, 10, 11 and 12 of the Retailers' Occupation Tax Act  
13 and Section 3-7 of the Uniform Penalty and Interest Act, which  
14 are not inconsistent with this Act, shall apply, as far as  
15 practicable, to the subject matter of this Act to the same  
16 extent as if such provisions were included herein.

17 (Source: P.A. 102-700, eff. 4-19-22; 103-9, eff. 6-7-23;  
18 103-595, eff. 6-26-24.)

19 Section 10. The Service Use Tax Act is amended by changing  
20 Section 12 as follows:

21 (35 ILCS 110/12) (from Ch. 120, par. 439.42)

22 Sec. 12. Applicability of Retailers' Occupation Tax Act  
23 and Uniform Penalty and Interest Act. All of the provisions of  
24 Sections 1d, 1e, 1f, 1i, 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12,

1 2-28, 2-29, 2-54, 2a, 2b, 2c, 3 (except as to the disposition  
2 by the Department of the money collected under this Act), 4  
3 (except that the time limitation provisions shall run from the  
4 date when gross receipts are received), 5 (except that the  
5 time limitation provisions on the issuance of notices of tax  
6 liability shall run from the date when the tax is due rather  
7 than from the date when gross receipts are received and except  
8 that in the case of a failure to file a return required by this  
9 Act, no notice of tax liability shall be issued on and after  
10 July 1 and January 1 covering tax due with that return during  
11 any month or period more than 6 years before that July 1 or  
12 January 1, respectively), 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5j, 5k,  
13 5l, 5m, 5n, 6d, 7, 8, 9, 10, 11 and 12 of the Retailers'  
14 Occupation Tax Act which are not inconsistent with this Act,  
15 and Section 3-7 of the Uniform Penalty and Interest Act, shall  
16 apply, as far as practicable, to the subject matter of this Act  
17 to the same extent as if such provisions were included herein.  
18 (Source: P.A. 102-700, eff. 4-19-22; 103-9, eff. 6-7-23;  
19 103-595, eff. 6-26-24.)

20 Section 15. The Service Occupation Tax Act is amended by  
21 changing Section 12 as follows:

22 (35 ILCS 115/12) (from Ch. 120, par. 439.112)

23 Sec. 12. All of the provisions of Sections 1d, 1e, 1f, 1i,  
24 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12, 2-28, 2-29, 2-54, 2a, 2b,

1 2c, 3 (except as to the disposition by the Department of the  
2 tax collected under this Act), 4 (except that the time  
3 limitation provisions shall run from the date when the tax is  
4 due rather than from the date when gross receipts are  
5 received), 5 (except that the time limitation provisions on  
6 the issuance of notices of tax liability shall run from the  
7 date when the tax is due rather than from the date when gross  
8 receipts are received), 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5j, 5k, 5l,  
9 5m, 5n, 6d, 7, 8, 9, 10, 11, and 12 of the Retailers'  
10 Occupation Tax Act which are not inconsistent with this Act,  
11 and Section 3-7 of the Uniform Penalty and Interest Act shall  
12 apply, as far as practicable, to the subject matter of this Act  
13 to the same extent as if such provisions were included herein.  
14 (Source: P.A. 102-700, eff. 4-19-22; 103-9, eff. 6-7-23;  
15 103-595, eff. 6-26-24; 103-605, eff. 7-1-24.)

16 Section 20. The Retailers' Occupation Tax Act is amended  
17 by adding Section 2-28 as follows:

18 (35 ILCS 120/2-28 new)

19 Sec. 2-28. Megaproject building materials exemption.

20 (a) Each retailer that makes a qualified sale of building  
21 materials to be incorporated into real estate at a megaproject  
22 site certified by the Department of Commerce and Economic  
23 Opportunity under Section 605-1115 of the Department of  
24 Commerce and Economic Opportunity Law of the Civil

1 Administrative Code of Illinois may deduct receipts from such  
2 sales when calculating the tax imposed by this Act.  
3 Megaproject Building Materials Exemption Certificates shall be  
4 issued for an initial period not to exceed 10 years and can be  
5 renewed for a period not to exceed 5 years.

6 (b) No retailer who is eligible for the deduction or  
7 credit for a given sale under Section 5k of this Act related to  
8 enterprise zones, Section 5l of this Act related to High  
9 Impact Businesses, Section 5m of this Act related to REV  
10 Illinois projects, or Section 5n of this Act related to MICRO  
11 facilities shall be eligible for the deduction or credit  
12 authorized under this Section for that same sale.

13 (c) A construction contractor or other entity shall not  
14 make tax-free purchases unless it has an active Exemption  
15 Certificate issued by the Department at the time of the  
16 purchase.

17 (d) The megaproject administrator shall submit a request  
18 to the Department for an initial certification or renewal of  
19 the Megaproject Building Materials Exemption Certificate. Upon  
20 request from the megaproject administrator, the Department  
21 shall issue a Megaproject Building Materials Exemption  
22 Certificate for each construction contractor or other entity  
23 identified by the megaproject administrator. The Department  
24 shall make the Megaproject Building Materials Exemption  
25 Certificates available to each construction contractor or  
26 other entity identified by the megaproject administrator and

1 to the megaproject administrator. The request for Megaproject  
2 Building Materials Exemption Certificates under this Section  
3 must include the following information:

4 (1) the name and address of the construction  
5 contractor or other entity;

6 (2) the name and location or address of the building  
7 project site;

8 (3) the estimated amount of the exemption for each  
9 construction contractor or other entity for which a  
10 request for a Megaproject Building Materials Exemption  
11 Certificate is made, based on a stated estimated average  
12 tax rate and the percentage of the contract that consists  
13 of materials;

14 (4) the period of time during which supplies for the  
15 project are expected to be purchased; and

16 (5) other reasonable information as the Department may  
17 require, including, but not limited to, FEIN numbers, to  
18 determine if the contractor or other entity, or any  
19 partner, corporate officer, or, in the case of a limited  
20 liability company, any manager or member of the  
21 construction contractor or other entity is or has been the  
22 owner, partner, corporate officer, or, in the case of a  
23 limited liability company, manager or member of a person  
24 that is in default for moneys due to the Department under  
25 this Act or any other tax or fee Act administered by the  
26 Department.



1       The Department, in its discretion, may require that the  
2       request for a Megaproject Building Materials Exemption  
3       Certificate be submitted electronically. The Department may,  
4       in its discretion, issue Exemption Certificates  
5       electronically.

6       (e) To document the exemption allowed under this Section,  
7       the retailer must obtain from the purchaser the certification  
8       required under this Section, which must contain the  
9       Megaproject Building Materials Exemption Certificate number  
10       issued to the purchaser by the Department. In addition, the  
11       retailer must obtain certification from the purchaser that  
12       contains:

13               (1) a statement that the building materials are being  
14               purchased for incorporation into real estate located in a  
15               megaproject site;

16               (2) the location or address of the real estate into  
17               which the building materials will be incorporated;

18               (3) the name of the megaproject in which that real  
19               estate is located;

20               (4) a description of the building materials being  
21               purchased;

22               (5) the purchaser's Megaproject Building Materials  
23               Exemption Certificate number issued by the Department; and

24               (6) the purchaser's signature and date of purchase.

25       (f) The Department shall issue the Megaproject Building  
26       Materials Exemption Certificates within 3 business days after

1 receipt of the request from the megaproject administrator.  
2 This requirement does not apply if the Department, for  
3 reasonable cause, is unable to issue the Exemption Certificate  
4 within 3 business days. The Department may refuse to issue a  
5 Megaproject Building Materials Exemption Certificate if the  
6 owner, any partner, or a corporate officer, and in the case of  
7 a limited liability company, any manager or member, of the  
8 construction contractor or other entity is or has been the  
9 owner, a partner, a corporate officer, and in the case of a  
10 limited liability company, a manager or member, of a person  
11 that is in default for moneys due to the Department under this  
12 Act or any other tax or fee Act administered by the Department.

13 (g) The Megaproject Building Materials Exemption  
14 Certificate shall contain:

15 (1) a unique identifying number that shall be designed  
16 in such a way that the Department can identify from the  
17 unique number on the Exemption Certificate issued to a  
18 given construction contractor or other entity, the name of  
19 the megaproject site and the construction contractor or  
20 other entity to whom the Exemption Certificate is issued;

21 (2) the name of the construction contractor or entity  
22 to whom the Exemption Certificate is issued;

23 (3) issuance date, effective date, and expiration  
24 date; and

25 (4) language stating that, if the construction  
26 contractor or other entity who is issued the Exemption

1       Certificate makes a tax-exempt purchase, as described in  
2       this Section, that is not eligible for exemption under  
3       this Section or allows another person to make a tax-exempt  
4       purchase, as described in this Section, that is not  
5       eligible for exemption under this Section, then, in  
6       addition to any tax or other penalty imposed, the  
7       construction contractor or other entity is subject to a  
8       penalty equal to the tax that would have been paid by the  
9       retailer under this Act as well as any applicable local  
10       retailers' occupation tax on the purchase that is not  
11       eligible for the exemption.

12       (h) After the Department issues Exemption Certificates for  
13       a given megaproject, the megaproject administrator may notify  
14       the Department of additional construction contractors or other  
15       entities that are eligible for a Megaproject Building  
16       Materials Exemption Certificate. Upon receiving such a  
17       notification and subject to the other provisions of this  
18       Section, the Department shall issue a Megaproject Building  
19       Materials Exemption Certificate to each additional  
20       construction contractor or other entity so identified.

21       (i) A megaproject administrator may ask the Department to  
22       rescind a Megaproject Building Materials Exemption Certificate  
23       previously issued by the Department to a construction  
24       contractor or other entity working at that certified  
25       megaproject site if that Megaproject Building Materials  
26       Exemption Certificate has not yet expired. Upon receiving such

1 a request and subject to the other provisions of this Section,  
2 the Department shall issue the rescission of the Megaproject  
3 Building Materials Exemption Certificate to the construction  
4 contractor or other entity identified by the megaproject  
5 administrator and provide a copy of the rescission to the  
6 construction contractor or other entity and to the megaproject  
7 administrator.

8 (j) If the Department of Revenue determines that a  
9 construction contractor or other entity that was issued an  
10 Exemption Certificate under this Section made a tax-exempt  
11 purchase, as described in this Section, that was not eligible  
12 for exemption under this Section or allowed another person to  
13 make a tax-exempt purchase, as described in this Section, that  
14 was not eligible for exemption under this Section, then, in  
15 addition to any tax or other penalty imposed, the construction  
16 contractor or other entity is subject to a penalty equal to the  
17 tax that would have been paid by the retailer under this Act as  
18 well as any applicable local retailers' occupation tax on the  
19 purchase that was not eligible for the exemption.

20 (k) Each contractor or other entity that has been issued a  
21 Megaproject Building Materials Exemption Certificate under  
22 this Section shall annually report to the Department the total  
23 value of the Megaproject building materials exemption from  
24 State taxes. Reports shall contain information reasonably  
25 required by the Department to enable it to verify and  
26 calculate the total tax benefits for taxes imposed by the

1 State and shall be broken down by megaproject site. Reports  
2 are due no later than May 31 of each year and shall cover the  
3 previous calendar year. Failure to report data may result in  
4 revocation of the Megaproject Building Materials Exemption  
5 Certificate issued to the contractor or other entity. The  
6 Department is authorized to adopt rules governing revocation  
7 determinations, including the length of revocation. Factors to  
8 be considered in revocations shall include, but are not  
9 limited to, prior compliance with the reporting requirements,  
10 cooperation in discontinuing and correcting violations, and  
11 whether the certificate was used unlawfully during the  
12 preceding year. The Department, in its discretion, may require  
13 that the reports filed under this Section be submitted  
14 electronically.

15 (l) The Department shall have the authority to adopt rules  
16 as are reasonable and necessary to implement the provisions of  
17 this Section.

18 (m) This Section is exempt from the provisions of Section  
19 2-70.

20 (n) This exemption applies to the Use Tax Act, the Service  
21 Use Tax Act, and the Service Occupation Tax Act and is  
22 incorporated by reference in Section 12 of each of those  
23 respective Acts.

24 (o) As used in this Section:

25 "Qualified sale" means a sale of building materials that  
26 will be incorporated into real estate as part of a building

1 project for which a Megaproject Building Materials Exemption  
2 Certificate has been issued to the purchaser by the  
3 Department.

4 Section 25. The Property Tax Code is amended by adding  
5 Division 22 to Article 10 and changing as follows:

6 (35 ILCS 200/Art. 10 Div. 22 heading new)

7 Division 22. Megaprojects

8 (35 ILCS 200/10-910 new)

9 Sec. 10-910. Megaproject Assessment Freeze and Payment  
10 Law; definitions. This Division 22 may be cited as the  
11 Megaproject Assessment Freeze and Payment Law.

12 As used in this Division:

13 "Assessment officer" means the chief county assessment  
14 officer of the county in which the megaproject is located.

15 "Assessment period" means the period beginning on the  
16 first day of the calendar year after the calendar year in which  
17 a megaproject is placed in service and ending on the date when  
18 the megaproject no longer qualifies as a megaproject under  
19 this Division.

20 "Base tax year" means the tax year prior to the first  
21 calendar year during which the Department issues a megaproject  
22 certificate under this Division.

23 "Base year" means:

1           (1) the calendar year prior to the calendar year in  
2           which the Department issues the megaproject certificate,  
3           if the Department issues a megaproject certificate for a  
4           project located on the property without granting  
5           preliminary approval for the project pursuant to Section  
6           10-940; or

7           (2) the calendar year prior to the calendar year in  
8           which the Department grants that preliminary approval, if  
9           the Department grants preliminary approval pursuant to  
10          Section 10-940 for a megaproject located on the property.

11          "Base year valuation" means the assessed value, in the  
12          base year, of the property comprising the megaproject.

13          "Company" means one or more entities whose aggregate  
14          investment in the megaproject meets the minimum investment  
15          required under this Division. The term "company" includes a  
16          company affiliate unless the context clearly indicates  
17          otherwise.

18          "Company affiliate" means an entity that joins with or is  
19          an affiliate of a company and that participates in the  
20          investment in, or financing of, a megaproject.

21          "Consumer Price Index" means the index published by the  
22          Bureau of Labor Statistics of the United States Department of  
23          Labor that measures the average change in prices of goods and  
24          services purchased by all urban consumers, United States city  
25          average, all items, 1982-84 = 100.

26          "Department" means the Department of Commerce and Economic

1 Opportunity.

2 "Eligible costs" means all costs incurred by or on behalf  
3 of, or allocated to, a company, prior to the Department's  
4 issuance of the megaproject certificate or during the  
5 investment period, to create or construct a megaproject.

6 "Eligible costs" includes, without limitation:

7 (1) the purchase, site preparation, renovation,  
8 rehabilitation, and construction of land, buildings,  
9 structures, equipment, and furnishings used for or in the  
10 megaproject;

11 (2) any goods or services for the megaproject that are  
12 purchased and capitalized under generally accepted  
13 accounting principles, including any organizational costs  
14 and research and development costs incurred in Illinois;

15 (3) capitalized lease costs for land, buildings,  
16 structures, and equipment valued at their present value  
17 using the interest rate at which the company borrows funds  
18 prevailing at the time the company entered into the lease;

19 (4) infrastructure development costs;

20 (5) debt service and project financing costs;

21 (6) noncapitalized research and development costs;

22 (7) job training and education costs;

23 (8) lease and relocation costs; and

24 (9) amounts expended by a company or company affiliate  
25 as a nonresponsible party pursuant to a voluntary program  
26 of site remediation, including amounts expended to obtain



1       a No Further Remediation Letter from the Illinois  
2       Environmental Protection Agency.

3       "Entity" means a sole proprietor, partnership, firm,  
4       corporation, limited liability company, association, or other  
5       business enterprise.

6       "Full-time employee" means an individual who is employed  
7       for consideration for at least 35 hours each week or who  
8       renders any other standard of service generally accepted by  
9       industry custom or practice as a full-time employee. An  
10       individual for whom a W-2 is issued by a professional employer  
11       organization is a full-time employee if he or she is employed  
12       in the service of the applicant for at least 35 hours each week  
13       or renders any other standard of service generally accepted by  
14       industry custom or practice as a full-time employment. An  
15       owner, operator, or tenant who employs labor or services at a  
16       specific site or facility under contract with another may  
17       declare one full-time job for every 1,820 man-hours worked per  
18       year under the contract. Vacations, paid holidays, and sick  
19       time are included in this computation, but overtime is not  
20       considered a part of regular hours.

21       "High Impact Business" means a project that has been  
22       designated by the Department as a High Impact Business under  
23       Section 5.5 of the Illinois Enterprise Zone Act.

24       "Incentive agreement" means an agreement between a  
25       company, a local municipality, and the taxing districts  
26       obligating the company to make the special payment under this

1 Division, in addition to paying property taxes, during the  
2 incentive period for a megaproject.

3 "Incentive period" means the period beginning on the first  
4 day of the calendar year after the calendar year in which the  
5 megaproject is placed in service and each calendar year  
6 thereafter until the earlier of (i) the expiration or  
7 termination of the incentive agreement or (ii) the revocation  
8 of the megaproject certificate.

9 "Inducement resolution" means a resolution adopted by the  
10 local municipality setting forth the commitment of the local  
11 municipality to enter into an incentive agreement.

12 "Investment period" means the period ending 7 years after  
13 the date on which the Department issues the megaproject  
14 certificate, or such other longer period of time as the local  
15 municipality, the taxing districts, and the company may agree  
16 to, not to exceed an initial period of 10 years.

17 "Local municipality" means the city, village, or  
18 incorporated town in which the megaproject is located or, if  
19 the megaproject is located in an unincorporated area, the  
20 county in which the megaproject is located.

21 "Megaproject" means the project set forth in the company's  
22 tax credit agreement or high impact business designation.

23 "Megaproject certificate" means a certificate issued by  
24 the Department that authorizes an assessment freeze as  
25 provided in this Division.

26 "Minimum investment" means an investment in the

1 megaproject of at least \$100,000,000 in eligible costs within  
2 the investment period.

3 "Minority person" means a person who is a citizen or  
4 lawful permanent resident of the United States and who is any  
5 of the following:

6 (1) American Indian or Alaska Native (a person having  
7 origins in any of the original peoples of North and South  
8 America, including Central America, and who maintains  
9 tribal affiliation or community attachment).

10 (2) Asian (a person having origins in any of the  
11 original peoples of the Far East, Southeast Asia, or the  
12 Indian subcontinent, including, but not limited to,  
13 Cambodia, China, India, Japan, Korea, Malaysia, Pakistan,  
14 the Philippine Islands, Thailand, and Vietnam).

15 (3) Black or African American (a person having origins  
16 in any of the black racial groups of Africa).

17 (4) Hispanic or Latino (a person of Cuban, Mexican,  
18 Puerto Rican, South or Central American, or other Spanish  
19 culture or origin, regardless of race).

20 (5) Native Hawaiian or Other Pacific Islander (a  
21 person having origins in any of the original peoples of  
22 Hawaii, Guam, Samoa, or other Pacific Islands).

23 "Minority-owned business" means a business that is at  
24 least 51% owned by one or more minority persons, or that, in  
25 the case of a corporation, has at least 51% of its stock owned  
26 by one or more minority persons, and that, in either case, is

1 managed and operated on a daily basis by one or more of the  
2 minority individuals who own the business.

3 "New full-time employee" means a full-time employee who  
4 first became employed by the owner, operator, contractor, or  
5 tenant of the megaproject during the incentive period or  
6 investment period and whose hiring results in a net increase  
7 in the owner, operator, contractor, or tenant's total number  
8 of full-time Illinois employees.

9 "New full-time employee" does not include:

10 (1) a person who was previously employed in Illinois  
11 by the applicant or a related family member prior to the  
12 onset of the investment or incentive period; or

13 (2) an individual who has a direct or indirect  
14 ownership interest of at least 5% in the profits, capital,  
15 or value of the applicant.

16 "Placed in service" means that the company has commenced  
17 its business operations at the megaproject site and has met  
18 its job creation requirements under this Section by hiring or  
19 causing to be hired at least 100 new full-time employees who  
20 provide support to the megaproject's business operations and  
21 work in the State of Illinois. If a company pauses or shuts  
22 down its business operations for a period of more than 30 days,  
23 then the megaproject shall no longer be considered placed in  
24 service.

25 "Project" means land, buildings, and other improvements on  
26 the land, including water facilities, sewage treatment and

1 disposal facilities, and all other machinery, apparatuses,  
2 equipment, office facilities, related infrastructure, and  
3 furnishings that are considered necessary, suitable, or useful  
4 by a company and comprise the megaproject, including all such  
5 property subject to assessment under the Property Tax Code.

6 "Special payment" means the annual amount paid in addition  
7 to property taxes paid during the incentive period as provided  
8 in the incentive agreement.

9 "Sports stadium" means a facility, stadium, arena, or  
10 other structure where athletic contests are held and sports  
11 teams practice and perform.

12 "Tax credit agreement" means an agreement entered into by  
13 the company and the Department under the Economic Development  
14 for Growing Economy Tax Credit Act, the Reimagining Energy and  
15 Vehicles in Illinois Act, or the Manufacturing Illinois Chips  
16 for Real Opportunity (MICRO) Act.

17 "Taxing district" has the meaning given to that term in  
18 Section 1-150.

19 "Termination date" means the last day of a calendar year  
20 that is no later than the 23rd year following the first  
21 calendar year in which a megaproject is placed in service. A  
22 company may apply to the local municipality and taxing  
23 districts prior to the termination date for an extension of  
24 the termination date beyond the 23rd year for up to 17  
25 additional years, for a total of 40 years. The corporate  
26 authorities of the local municipality and the taxing districts

1 shall approve an extension by resolution upon a finding of  
2 substantial public benefit. A copy of the resolution must be  
3 delivered to the Department within 30 days of the date the  
4 resolution was adopted. If the incentive agreement is  
5 terminated under Section 10-937, then the termination date is  
6 the date the agreement is terminated.

7 (35 ILCS 200/10-915 new)

8 Sec. 10-915. Valuation during incentive period;  
9 eligibility.

10 (a) Property that receives a megaproject certificate from  
11 the Department is eligible for an assessment freeze, as  
12 provided in this Division, eliminating from consideration, for  
13 assessment purposes during the incentive period, the value  
14 added to the property by the project and limiting the total  
15 valuation of the property during the incentive period to the  
16 base year valuation. If the company does not anticipate  
17 completing the project within the investment period, then the  
18 local municipality and taxing districts may approve one or  
19 more extensions of time to complete the project. However, the  
20 local municipality and taxing districts may not extend the  
21 project for a period that exceeds 5 years after the last day of  
22 the investment period. Unless approved as part of the original  
23 incentive agreement, the corporate authorities of the local  
24 municipality and taxing districts may approve an extension  
25 under this subsection by resolution, a copy of which must be

1 delivered to the Department within 30 days after the date the  
2 resolution is adopted.

3 (b) To qualify for a megaproject certificate, the company  
4 must:

5 (1) make the minimum investment in the megaproject  
6 during the investment period;

7 (2) enter into an incentive agreement with the local  
8 municipality and taxing districts as described in this  
9 Division;

10 (3) enter into a project labor agreement with the  
11 applicable local building trades council prior to the  
12 commencement of any demolition, building construction, or  
13 building renovation related to the megaproject;

14 (4) establish the goal of awarding 20% of the total  
15 dollar amount of contracts that are related to the  
16 megaproject and are awarded by the company during each  
17 calendar year to minority-owned businesses;

18 (5) create at least 100 new full-time jobs as a result  
19 of the megaproject; and

20 (6) have executed a tax credit agreement with the  
21 Department or received a high impact business designation  
22 from the Department.

23 (c) For purposes of this Division, if a single company  
24 enters into a financing arrangement of the type described in  
25 subsection (b) of Section 10-950, the investment in or  
26 financing of the property by a developer, lessor, financing

1 entity, or other third party in accordance with this  
2 arrangement is considered investment by the company.  
3 Investment by a related person to the company is considered  
4 investment by the company.

5 (35 ILCS 200/10-920 new)

6 Sec. 10-920. Incentive agreement; assessment freeze for  
7 megaprojects; incentive period; inducement resolution;  
8 location of the project; criteria to qualify.

9 (a) To obtain the benefits provided in this Division, the  
10 company shall apply in writing to the local municipality and  
11 taxing districts to enter into an incentive agreement with the  
12 municipality and taxing districts, in the form and manner  
13 required by the local municipality and taxing districts,  
14 respectively, and shall certify to the facts asserted in the  
15 application.

16 (b) The corporate authorities of the local municipality,  
17 prior to entering into an incentive agreement under this  
18 Section, shall hold a public hearing to consider the  
19 application. The amount and terms of the proposed special  
20 payment and the duration of the incentive agreement shall be  
21 considered at the public hearing.

22 (c) Copies of the completed application shall be provided  
23 to each taxing district for which property taxes were assessed  
24 on the property for the immediately preceding tax year. Those  
25 copies shall be provided at least 30 days prior to the



1 scheduled public hearing at which the corporate authorities of  
2 the local municipality will consider the application.

3 (d) The company, the local municipality, and the taxing  
4 districts shall enter into an incentive agreement requiring  
5 the special payment described in Section 10-925. The corporate  
6 authorities of the local municipality shall adopt an ordinance  
7 approving the incentive agreement.

8 (e) If an incentive agreement is not executed within 5  
9 years after the local municipality's adoption of an inducement  
10 resolution, expenditures incurred by the company more than 5  
11 years prior to the execution of the incentive agreement shall  
12 not qualify as part of the minimum investment.

13 (f) To be eligible to enter into an incentive agreement  
14 under this Division, the company must commit to a project that  
15 meets the investment and new job creation requirements set  
16 forth in the company's tax credit agreement or high impact  
17 business designation. In no event shall the company be  
18 required to invest less than \$100,000,000 or create fewer than  
19 100 new full-time jobs.

20 (35 ILCS 200/10-925 new)

21 Sec. 10-925. Contents of incentive agreement.

22 (a) The incentive agreement under Section 10-920 must  
23 require the company to pay, or be responsible for the payment  
24 of, an annual special payment to the local municipality and  
25 the taxing districts, beginning with the first tax year for

1 which the assessment freeze under this Division is applied to  
2 the megaproject. The amount of the special payment shall be  
3 established by the local municipality and taxing districts in  
4 the incentive agreement and may be a fixed amount for the  
5 duration of the incentive period or may be subject to  
6 adjustment (downward or upward) based on factors memorialized  
7 in the incentive agreement.

8 Unless the special payment is negotiated as a fixed  
9 payment for the duration of the incentive period, the parties  
10 shall conduct an impact analysis study on the megaproject  
11 every 5 years, and the special payment shall be adjusted based  
12 on the results of that study; provided, however, the  
13 adjustment shall not be less than the initial special payment  
14 adjusted for inflation as measured by the Consumer Price  
15 Index.

16 The portion of the special payment due to the local school  
17 districts shall be increased annually by the lesser of (i) 5%  
18 or (ii) the percentage increase, if any, in the Consumer Price  
19 Index for the 12 months ending in September of the immediately  
20 preceding calendar year, and may be further increased or  
21 decreased every 5 years based on the results of the impact  
22 analysis study.

23 (b) The incentive agreement shall obligate the company to  
24 operate the megaproject at the designated project location for  
25 a minimum of 20 years.

26 (c) The incentive agreement may contain such other terms

1 and conditions as are mutually agreeable to the local  
2 municipality, the taxing districts, and the company and are  
3 consistent with the requirements of this Division, including,  
4 without limitation, operational and additional job creation  
5 requirements.

6 (d) In addition, all incentive agreements entered into  
7 pursuant to Section 10-920 must include, as the first portion  
8 of the document, a recapitulation of the remaining contents of  
9 the document, which shall include the following:

10 (1) the legal name of each party to the agreement;

11 (2) the street address of the project and the property  
12 subject to the agreement;

13 (3) the agreed minimum investment, which shall not be  
14 less than the investment amount required in the tax credit  
15 agreement or high impact business designation;

16 (3.5) the agreed number of new jobs to be created,  
17 which shall not be less than the number of new jobs  
18 required in the tax credit agreement or high impact  
19 business designation;

20 (4) the term of the agreement;

21 (5) a schedule showing the amount of the special  
22 payment and its calculation for each year of the  
23 agreement;

24 (6) a schedule showing the amount to be distributed  
25 annually to each taxing district, as set forth in the  
26 incentive agreement;

1           (7) any other feature or aspect of the agreement which  
2           may affect the calculation of items (5) and (6) of this  
3           subsection; and

4           (8) the party or parties to the agreement who are  
5           responsible for updating the information contained in the  
6           summary document.

7           (35 ILCS 200/10-927 new)

8           Sec. 10-927. Minimum job creation requirements.

9           (a) The company must hire the same number of new full-time  
10          employees as is required in the company's tax credit agreement  
11          or high impact business designation, which in no event shall  
12          be less than 100. These new full-time employees must be hired  
13          to support the business operations of the megaproject and be  
14          located within the State of Illinois.

15          (b) A company may not satisfy the requirements of this  
16          Section by relocating jobs from one site in Illinois to  
17          another site in Illinois.

18          (35 ILCS 200/10-930 new)

19          Sec. 10-930. Installment bills; distribution of special  
20          payments.

21          (a) The local municipality shall prepare a bill for the  
22          company for each installment of the special payment according  
23          to the schedule set forth in paragraph (5) of subsection (d) of  
24          Section 10-925, or as modified pursuant to paragraph (7) of

1 subsection (d) of Section 10-925, and the company shall make  
2 direct payments to the affected taxing entities according to  
3 the schedule in paragraph (6) of subsection (d) of Section  
4 10-925 or as modified in paragraph (7) of subsection (d) of  
5 Section 10-925.

6 (b) The company shall make direct payments of the special  
7 payment to the taxing districts associated with the  
8 megaproject within 30 days after receipt by the company of the  
9 bill prepared by the local municipality.

10 (c) Misallocations of the special payments may be  
11 corrected by adjusting later distributions, but these  
12 adjustments must be made in the next succeeding year following  
13 identification and resolution of the misallocation. To the  
14 extent that distributions have been made improperly in  
15 previous years, claims for adjustment must be made within one  
16 year of the distribution.

17 (35 ILCS 200/10-937 new)

18 Sec. 10-937. Termination of incentive agreement; automatic  
19 termination; minimum level of investment and new job creation  
20 required to remain qualified for assessment freeze.

21 (a) The local municipality, the taxing districts, and the  
22 company may mutually agree to terminate the incentive  
23 agreement at any time. From the date of termination, the  
24 megaproject is subject to assessment on the basis of the  
25 then-current fair cash value.

1       (b) An incentive agreement shall be terminated if the  
2       company fails to satisfy the minimum investment level or the  
3       job creation requirements provided in this Division. If the  
4       incentive agreement is terminated under this subsection, the  
5       megaproject is subject to assessment on the basis of the  
6       then-current fair cash value beginning in the tax year during  
7       which the termination occurs.

8       (c) An incentive agreement shall terminate if, at any  
9       time, the company no longer has the minimum level of new job  
10       creation and investment as provided in this Division, without  
11       regard to depreciation.

12       (35 ILCS 200/10-938 new)

13       Sec. 10-938. Megaproject administration. The  
14       administration of a megaproject shall be under the  
15       jurisdiction of the local municipality that approved the  
16       incentive agreement by ordinance. Each local municipality that  
17       approves an incentive agreement by ordinance shall, by  
18       ordinance, designate a Megaproject Administrator for the  
19       megaproject within its jurisdiction. A Megaproject  
20       Administrator must be an officer or employee of the  
21       municipality or county. The Megaproject Administrator shall be  
22       the liaison between the approving municipality or county, the  
23       Department, and the Department of Revenue.

24       (35 ILCS 200/10-940 new)

1       Sec. 10-940. Megaproject applications; certification as a  
2       megaproject and revocation of certification.

3       (a) The Department shall receive applications for  
4       megaproject certificates under this Division. The Department  
5       shall promptly notify the assessment officer when the  
6       Department receives an application under this Section. The  
7       Department's rules shall provide that an applicant may request  
8       preliminary approval of the megaproject before the project  
9       begins, before the applicant has entered into a fully executed  
10       incentive agreement with the local municipality and taxing  
11       districts, or before the project has been placed in service.

12       (b) An applicant for a megaproject certificate under this  
13       Division must provide evidence to the Department of a fully  
14       executed incentive agreement between the company, the local  
15       municipality, and the taxing districts as described in this  
16       Division.

17       (c) An applicant for a megaproject certificate under this  
18       Division must provide evidence to the Department of a fully  
19       executed project labor agreement entered into with the  
20       applicable local building trades council prior to the  
21       commencement of any demolition, building construction, or  
22       building renovation at the project. If the demolition,  
23       building construction, or building renovation begins after the  
24       application is approved, then the applicant must transmit a  
25       copy of the fully executed project labor agreement to the  
26       Department as soon as possible after the agreement is

1 executed.

2 (d) An applicant for a megaproject certificate under this  
3 Division must provide evidence to the Department that the  
4 company has established the goal of awarding 20% of the total  
5 dollar amount of contracts awarded during each calendar year  
6 by the company, that are related to the project, to  
7 minority-owned businesses.

8 (e) The Department shall approve an application for a  
9 megaproject certificate if the Department finds that the  
10 project meets the requirements of this Division.

11 (f) Upon approval of the application, the Department shall  
12 issue a megaproject certificate to the applicant and transmit  
13 a copy to the assessment officer and the Department of  
14 Revenue. The certificate shall identify the property on which  
15 the megaproject is located.

16 (g) For each calendar year following issuance of the  
17 megaproject certificate, until the minimum investment and new  
18 job creation requirements have been met and the megaproject  
19 has been placed in service, the company shall deliver a report  
20 to the Department on the status of construction or creation of  
21 the megaproject and the amount of minimum investment made in  
22 the megaproject during the preceding calendar year. If the  
23 Department determines, in accordance with the Administrative  
24 Review Law and the Illinois Administrative Procedure Act, that  
25 a project for which a certificate has been issued has not met  
26 the minimum investment and job creation requirements of this



1 Division within the investment period, the Department shall  
2 revoke the certificate by written notice to the taxpayer of  
3 record and transmit a copy of the revocation to the assessment  
4 officer.

5 (h) If the local municipality notifies the Department that  
6 the incentive agreement between the company, the local  
7 municipality, and the taxing districts has been terminated,  
8 the Department shall revoke the certificate by written notice  
9 to the taxpayer of record and transmit a copy of the revocation  
10 to the assessment officer.

11 (35 ILCS 200/10-945 new)

12 Sec. 10-945. Computation of valuation.

13 (a) Upon receipt of the megaproject certificate from the  
14 Department, the assessment officer shall determine the base  
15 year valuation and shall make a notation on each statement of  
16 assessment during the assessment period that the valuation of  
17 the project is based upon the issuance of a megaproject  
18 certificate.

19 (b) Upon revocation of a megaproject certificate, the  
20 assessment officer shall compute the assessed valuation of the  
21 project on the basis of the then-current fair cash value of the  
22 property.

23 (35 ILCS 200/10-950 new)

24 Sec. 10-950. Transfers of interest in a megaproject;

1 sale-leaseback arrangement; requirements.

2 (a) Subject to the terms of the incentive agreement  
3 between the company, the local municipality, and the taxing  
4 district, ownership of or any interest in the megaproject and  
5 any and all related project property, including, without  
6 limitation, transfers of indirect beneficial interests and  
7 equity interests in a company owning a megaproject, shall not  
8 affect the assessment freeze or the validity of the  
9 megaproject certificate issued under this Division.  
10 Notwithstanding the provisions of this subsection, the  
11 incentive agreement shall be a covenant running with the land.

12 (b) A company may enter into lending, financing, security,  
13 leasing, or similar arrangements, or a succession of such  
14 arrangements, with a financing entity concerning all or part  
15 of a project including, without limitation, a sale-leaseback  
16 arrangement, equipment lease, build-to-suit lease, synthetic  
17 lease, nordic lease, defeased tax benefit, or transfer lease,  
18 an assignment, sublease, or similar arrangement, or succession  
19 of those arrangements, with one or more financing entities  
20 concerning all or part of a project, regardless of the  
21 identity of the income tax or fee owner of the megaproject.  
22 Neither the original transfer to the financing entity nor the  
23 later transfer from the financing entity back to the company,  
24 pursuant to terms in the sale-leaseback agreement, shall  
25 affect the assessment freeze or the validity of the  
26 megaproject certificate issued under this Division, regardless

1 of whether the income tax basis is changed for income tax  
2 purposes.

3 (c) The Department must receive notice of all transfers  
4 undertaken with respect to other projects to effect a  
5 financing. Notice shall be made in writing within 60 days  
6 after the transfer, shall identify each transferee, and shall  
7 contain other information required by the Department with the  
8 appropriate returns. Failure to meet this notice requirement  
9 does not adversely affect the assessment freeze.

10 (35 ILCS 200/10-955 new)

11 Sec. 10-955. Minimum investment by company affiliates. To  
12 be eligible for the benefits of this Division, a company must  
13 invest the minimum investment. Investments by company  
14 affiliates during the investment period may be applied toward  
15 the minimum investment under this Division regardless of  
16 whether the company affiliate was part of the project. To  
17 qualify for the assessment freeze, the minimum investment must  
18 be made in connection with the megaproject.

19 (35 ILCS 200/10-960 new)

20 Sec. 10-960. Projects to be valued at fair cash value for  
21 purposes of bonded indebtedness and limitations on property  
22 tax extensions. Projects to which an assessment freeze applies  
23 pursuant to this Division shall be valued at their fair cash  
24 value for purposes of calculating a municipality's general

1 obligation bond limits and a taxing district's limitation on  
2 tax extensions.

3 (35 ILCS 200/10-965 new)

4 Sec. 10-965. Abatements. Any taxing district, upon a  
5 majority vote of its governing authority, may, after the  
6 determination of the assessed valuation as set forth in this  
7 Division, order the clerk of the appropriate municipality or  
8 county to abate any portion of real property taxes otherwise  
9 levied or extended by the taxing district on a megaproject.

10 (35 ILCS 200/10-970 new)

11 Sec. 10-970. Filing of returns, contracts, and other  
12 information; due date of payments and returns.

13 (a) The company and the local municipality shall file  
14 notices, reports, and other information as required by the  
15 Department.

16 (b) Special payments are due at the same time as property  
17 tax payments and property tax returns are due for the  
18 megaproject property.

19 (c) Failure to make a timely special payment results in  
20 the assessment of penalties as if the payment were a  
21 delinquent property tax payment or return.

22 (d) Within 30 days after the date of execution of an  
23 incentive agreement, a copy of the incentive agreement must be  
24 filed with the Department, the chief county assessment

1 officer, and the county auditor for the county in which the  
2 megaproject is located.

3 (35 ILCS 200/10-980 new)

4 Sec. 10-980. Rules. The Department may issue rulings and  
5 adopt rules as necessary to carry out the purpose of this  
6 Division.

7 (35 ILCS 200/10-985 new)

8 Sec. 10-985. Prohibition on multiple credits, exemptions,  
9 and freezes. An applicant for a megaproject certificate who  
10 qualifies for an assessment freeze under this Section is not  
11 entitled to any other property tax credits, exemptions, or  
12 assessment freezes relating to the megaproject.

13 (35 ILCS 200/10-987 new)

14 Sec. 10-987. Building materials exemption for  
15 megaprojects. An applicant that is eligible for a megaproject  
16 certificate under this Division 22 of Article 10 is also  
17 eligible for the building materials exemption under Section  
18 605-1115 of the Civil Administrative Code of Illinois.

19 (35 ILCS 200/10-990 new)

20 Sec. 10-990. Sports stadiums. An applicant is not  
21 eligible for a megaproject assessment freeze under this  
22 Section for the construction or development of a sports

1 stadium unless, prior to the approval of the megaproject by  
2 the Department, the General Assembly approves the megaproject  
3 by joint resolution.

4 (35 ILCS 200/10-995 new)

5 Sec. 10-995. Tax Increment Financing districts. A project  
6 that is located and operated in a Tax Increment Financing  
7 (TIF) district or TIF designated area is not eligible for a  
8 megaproject assessment freeze under this Section. The  
9 agreement shall provide that the megaproject certificate is  
10 void if an area on which the megaproject is located is  
11 designated as a TIF district or TIF designated area.

12 (35 ILCS 200/10-1000 new)

13 Sec. 10-1000. Invalidity. If all or any part of this  
14 Division is determined to be unconstitutional or otherwise  
15 unenforceable by a court of competent jurisdiction, a company  
16 has 180 days from the date of the determination to transfer the  
17 megaproject's title to an authorized economic development  
18 authority that qualifies for property tax assessment under  
19 this Division.

20 Section 97. Severability. The provisions of this Act are  
21 severable under Section 1.31 of the Statute on Statutes.

22 Section 99. Effective date. This Act takes effect July 1,  
23 2025.

## 1 INDEX

## 2 Statutes amended in order of appearance

3 20 ILCS 605/605-1118 new  
4 35 ILCS 105/12 from Ch. 120, par. 439.12  
5 35 ILCS 110/12 from Ch. 120, par. 439.42  
6 35 ILCS 115/12 from Ch. 120, par. 439.112  
7 35 ILCS 120/2-28 new  
8 35 ILCS 200/Art. 10 Div.  
9 22 heading new  
10 35 ILCS 200/10-910 new  
11 35 ILCS 200/10-915 new  
12 35 ILCS 200/10-920 new  
13 35 ILCS 200/10-925 new  
14 35 ILCS 200/10-927 new  
15 35 ILCS 200/10-930 new  
16 35 ILCS 200/10-937 new  
17 35 ILCS 200/10-938 new  
18 35 ILCS 200/10-940 new  
19 35 ILCS 200/10-945 new  
20 35 ILCS 200/10-950 new  
21 35 ILCS 200/10-955 new  
22 35 ILCS 200/10-960 new  
23 35 ILCS 200/10-965 new  
24 35 ILCS 200/10-970 new  
25 35 ILCS 200/10-980 new

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- 1 35 ILCS 200/10-985 new
- 2 35 ILCS 200/10-987 new
- 3 35 ILCS 200/10-990 new
- 4 35 ILCS 200/10-995 new
- 5 35 ILCS 200/10-1000 new