

HB2632



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB2632

Introduced 2/6/2025, by Rep. Marcus C. Evans, Jr.

SYNOPSIS AS INTRODUCED:

35 ILCS 5/213
35 ILCS 5/214
35 ILCS 5/222
35 ILCS 5/223
35 ILCS 5/240
820 ILCS 130/2

Amends the Illinois Income Tax Act and the Prevailing Wage Act. Provides that certain transferable tax credits are considered public works within the meaning of the Prevailing Wage Act. Effective immediately.

LRB104 09586 HLH 19649 b

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Sections 213, 214, 222, 223, and 240 as follows:

6 (35 ILCS 5/213)

7 Sec. 213. Film production services credit.

8 (a) For tax years beginning on or after January 1, 2004, a
9 taxpayer who has been awarded a tax credit under the Film
10 Production Services Tax Credit Act or under the Film
11 Production Services Tax Credit Act of 2008 is entitled to a
12 credit against the taxes imposed under subsections (a) and (b)
13 of Section 201 of this Act in an amount determined by the
14 Department of Commerce and Economic Opportunity under those
15 Acts. If the taxpayer is a partnership or Subchapter S
16 corporation, the credit is allowed to the partners or
17 shareholders in accordance with the determination of income
18 and distributive share of income under Sections 702 and 704
19 and Subchapter S of the Internal Revenue Code.

20 (b) Beginning July 1, 2024, taxpayers who have been
21 awarded a tax credit under the Film Production Services Tax
22 Credit Act of 2008 shall pay to the Department of Commerce and
23 Economic Opportunity, after determination of the tax credit

1 amount but prior to the issuance of a tax credit certificate
2 pursuant to Section 35 of the Film Production Services Tax
3 Credit Act of 2008, a fee equal to 2.5% of the credit amount
4 awarded to the taxpayer under the Film Production Services Tax
5 Credit Act of 2008 that is attributable to wages paid to
6 nonresidents, as described in Section 10 of the Film
7 Production Services Tax Credit Act of 2008, and an additional
8 fee equal to 0.25% of the amount generated by subtracting the
9 credit amount awarded to the taxpayer under the Film
10 Production Services Tax Credit Act of 2008 that is
11 attributable to wages paid to nonresidents from the total
12 credit amount awarded to the taxpayer under that Act. All fees
13 collected under this subsection shall be deposited into the
14 Illinois Production Workforce Development Fund. No tax credit
15 certificate shall be issued by the Department of Commerce and
16 Economic Opportunity until the total fees owed according to
17 this subsection have been received by the Department of
18 Commerce and Economic Opportunity.

19 (c) A transfer of this credit may be made by the taxpayer
20 earning the credit within one year after the credit is awarded
21 in accordance with rules adopted by the Department of Commerce
22 and Economic Opportunity. Beginning July 1, 2023 and through
23 June 30, 2024, if a credit is transferred under this Section by
24 the taxpayer, then the transferor taxpayer shall pay to the
25 Department of Commerce and Economic Opportunity, upon
26 notification of a transfer, a fee equal to 2.5% of the

1 transferred credit amount eligible for nonresident wages, as
2 described in Section 10 of the Film Production Services Tax
3 Credit Act of 2008, and an additional fee of 0.25% of the total
4 amount of the transferred credit that is not calculated on
5 nonresident wages, which shall be deposited into the Illinois
6 Production Workforce Development Fund. Projects funded in
7 whole or in part by the proceeds of tax credits transferred
8 pursuant to this subsection shall be considered public works
9 within the meaning of the Prevailing Wage Act.

10 (d) The Department, in cooperation with the Department of
11 Commerce and Economic Opportunity, must prescribe rules to
12 enforce and administer the provisions of this Section. This
13 Section is exempt from the provisions of Section 250 of this
14 Act.

15 (e) The credit may not be carried back. If the amount of
16 the credit exceeds the tax liability for the year, the excess
17 may be carried forward and applied to the tax liability of the
18 5 taxable years following the excess credit year. The credit
19 shall be applied to the earliest year for which there is a tax
20 liability. If there are credits from more than one tax year
21 that are available to offset a liability, the earlier credit
22 shall be applied first. In no event shall a credit under this
23 Section reduce the taxpayer's liability to less than zero.

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

1 Sec. 214. Tax credit for affordable housing donations.

2 (a) Beginning with taxable years ending on or after
3 December 31, 2001 and until the taxable year ending on
4 December 31, 2026, a taxpayer who makes a donation under
5 Section 7.28 of the Illinois Housing Development Act is
6 entitled to a credit against the tax imposed by subsections
7 (a) and (b) of Section 201 in an amount equal to 50% of the
8 value of the donation. For taxable years ending before
9 December 31, 2023, partners, shareholders of subchapter S
10 corporations, and owners of limited liability companies (if
11 the limited liability company is treated as a partnership for
12 purposes of federal and State income taxation) are entitled to
13 a credit under this Section to be determined in accordance
14 with the determination of income and distributive share of
15 income under Sections 702 and 703 and subchapter S of the
16 Internal Revenue Code. For taxable years ending on or after
17 December 31, 2023, partners and shareholders of subchapter S
18 corporations are entitled to a credit under this Section as
19 provided in Section 251. Persons or entities not subject to
20 the tax imposed by subsections (a) and (b) of Section 201 and
21 who make a donation under Section 7.28 of the Illinois Housing
22 Development Act are entitled to a credit as described in this
23 subsection and may transfer that credit as described in
24 subsection (c).

25 (b) If the amount of the credit exceeds the tax liability
26 for the year, the excess may be carried forward and applied to

1 the tax liability of the 5 taxable years following the excess
2 credit year. The tax credit shall be applied to the earliest
3 year for which there is a tax liability. If there are credits
4 for more than one year that are available to offset a
5 liability, the earlier credit shall be applied first.

6 (c) The transfer of the tax credit allowed under this
7 Section may be made (i) to the purchaser of land that has been
8 designated solely for affordable housing projects in
9 accordance with the Illinois Housing Development Act or (ii)
10 to another donor who has also made a donation in accordance
11 with Section 7.28 of the Illinois Housing Development Act.
12 Projects funded in whole or in part by the proceeds of tax
13 credits transferred pursuant to this subsection shall be
14 considered public works within the meaning of the Prevailing
15 Wage Act.

16 (d) A taxpayer claiming the credit provided by this
17 Section must maintain and record any information that the
18 Department may require by regulation regarding the project for
19 which the credit is claimed. When claiming the credit provided
20 by this Section, the taxpayer must provide information
21 regarding the taxpayer's donation to the project under the
22 Illinois Housing Development Act.

23 (Source: P.A. 102-16, eff. 6-17-21; 102-175, eff. 7-29-21;
24 103-396, eff. 1-1-24.)

25 (35 ILCS 5/222)

1 Sec. 222. Live theater production credit.

2 (a) For tax years beginning on or after January 1, 2012 and
3 beginning prior to January 1, 2027, a taxpayer who has
4 received a tax credit award under the Live Theater Production
5 Tax Credit Act for a long-run production, a pre-Broadway
6 production, or a commercial Broadway touring show is entitled
7 to a credit against the taxes imposed under subsections (a)
8 and (b) of Section 201 of this Act in an amount determined
9 under that Act by the Department of Commerce and Economic
10 Opportunity.

11 (b) For taxable years ending before December 31, 2023, if
12 the taxpayer is a partnership, limited liability partnership,
13 limited liability company, or Subchapter S corporation, the
14 tax credit award is allowed to the partners, unit holders, or
15 shareholders in accordance with the determination of income
16 and distributive share of income under Sections 702 and 704
17 and Subchapter S of the Internal Revenue Code. For taxable
18 years ending on or after December 31, 2023, if the taxpayer is
19 a partnership or Subchapter S corporation, then the provisions
20 of Section 251 apply.

21 (c) A sale, assignment, or transfer of the tax credit
22 award may be made by the taxpayer earning the credit within one
23 year after the credit is awarded in accordance with rules
24 adopted by the Department of Commerce and Economic
25 Opportunity. Projects funded in whole or in part by the
26 proceeds of tax credits transferred pursuant to this

1 subsection shall be considered public works within the meaning
2 of the Prevailing Wage Act.

3 (d) The Department of Revenue, in cooperation with the
4 Department of Commerce and Economic Opportunity, shall adopt
5 rules to enforce and administer the provisions of this
6 Section.

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

17 (Source: P.A. 102-16, eff. 6-17-21; 103-396, eff. 1-1-24;
18 103-592, eff. 6-7-24.)

19 (35 ILCS 5/223)

20 Sec. 223. Hospital credit.

21 (a) For tax years ending on or after December 31, 2012 and
22 ending on or before December 31, 2027, a taxpayer that is the
23 owner of a hospital licensed under the Hospital Licensing Act,
24 but not including an organization that is exempt from federal
25 income taxes under the Internal Revenue Code, is entitled to a

1 credit against the taxes imposed under subsections (a) and (b)
2 of Section 201 of this Act in an amount equal to the lesser of
3 the amount of real property taxes paid during the tax year on
4 real property used for hospital purposes during the prior tax
5 year or the cost of free or discounted services provided
6 during the tax year pursuant to the hospital's charitable
7 financial assistance policy, measured at cost.

8 (b) If the taxpayer is a partnership or Subchapter S
9 corporation, the credit is allowed to the partners or
10 shareholders in accordance with the determination of income
11 and distributive share of income under Sections 702 and 704
12 and Subchapter S of the Internal Revenue Code. A transfer of
13 this credit may be made by the taxpayer earning the credit
14 within one year after the credit is earned in accordance with
15 rules adopted by the Department. Projects funded in whole or
16 in part by the proceeds of tax credits transferred pursuant to
17 this subsection shall be considered public works within the
18 meaning of the Prevailing Wage Act. The Department shall
19 prescribe rules to enforce and administer provisions of this
20 Section. If the amount of the credit exceeds the tax liability
21 for the year, then the excess credit may be carried forward and
22 applied to the tax liability of the 5 taxable years following
23 the excess credit year. The credit shall be applied to the
24 earliest year for which there is a tax liability. If there are
25 credits from more than one tax year that are available to
26 offset a liability, the earlier credit shall be applied first.

1 In no event shall a credit under this Section reduce the
2 taxpayer's liability to less than zero.

3 (Source: P.A. 102-700, eff. 4-19-22; 102-886, eff. 5-17-22.)

4 (35 ILCS 5/240)

5 Sec. 240. Hydrogen fuel replacement tax credits.

6 (a) For tax years ending on or after December 31, 2027 and
7 beginning before January 1, 2029, an eligible taxpayer who
8 qualifies for a credit under the Hydrogen Fuel Replacement Tax
9 Credit Act is entitled to a credit against the taxes imposed
10 under subsections (a) and (b) of Section 201 of this Act as
11 provided in that Act. If the eligible taxpayer is a
12 partnership or Subchapter S corporation, the credit shall be
13 allowed to the partners or shareholders in accordance with the
14 determination of income and distributive share of income under
15 Sections 702 and 704 and Subchapter S of the Internal Revenue
16 Code.

17 (b) If the amount of the credit exceeds the tax liability
18 for the year, the excess may be carried forward and applied to
19 the tax liability of the 5 taxable years following the excess
20 credit year. The credit shall be applied to the earliest year
21 for which there is a tax liability. If there are credits from
22 more than one tax year that are available to offset a
23 liability, the earlier credit shall be applied first. In no
24 event shall a credit under this Section reduce the taxpayer's
25 liability to less than zero.

1 (c) A sale, assignment, or transfer of the tax credit may
2 be made by the taxpayer earning the credit within one year
3 after the credit is awarded in accordance with rules adopted
4 by the Department of Commerce and Economic Opportunity.
5 Projects funded in whole or in part by the proceeds of tax
6 credits transferred pursuant to this subsection shall be
7 considered public works within the meaning of the Prevailing
8 Wage Act.

9 (d) A person claiming the credit allowed under this
10 Section shall attach to its Illinois income tax return a copy
11 of the tax credit certificate or the transfer certificate
12 issued by the Department of Commerce and Economic Opportunity.

13 (Source: P.A. 103-268, eff. 7-25-23.)

14 Section 20. The Prevailing Wage Act is amended by changing
15 Section 2 as follows:

16 (820 ILCS 130/2)

17 Sec. 2. This Act applies to the wages of laborers,
18 mechanics and other workers employed in any public works, as
19 hereinafter defined, by any public body and to anyone under
20 contracts for public works. This includes any maintenance,
21 repair, assembly, or disassembly work performed on equipment
22 whether owned, leased, or rented.

23 As used in this Act, unless the context indicates
24 otherwise:

1 "Public works" means all fixed works constructed or
2 demolished by any public body, or paid for wholly or in part
3 out of public funds. "Public works" as defined herein includes
4 all projects financed in whole or in part with bonds, grants,
5 loans, or other funds made available by or through the State or
6 any of its political subdivisions, including but not limited
7 to: bonds issued under the Industrial Project Revenue Bond Act
8 (Article 11, Division 74 of the Illinois Municipal Code), the
9 Industrial Building Revenue Bond Act, the Illinois Finance
10 Authority Act, the Illinois Sports Facilities Authority Act,
11 or the Build Illinois Bond Act; loans or other funds made
12 available pursuant to the Build Illinois Act; loans or other
13 funds made available pursuant to the Riverfront Development
14 Fund under Section 10-15 of the River Edge Redevelopment Zone
15 Act; funds received from the sale or transfer of tax credits
16 awarded by the State; or funds from the Fund for Illinois'
17 Future under Section 6z-47 of the State Finance Act, funds for
18 school construction under Section 5 of the General Obligation
19 Bond Act, funds authorized under Section 3 of the School
20 Construction Bond Act, funds for school infrastructure under
21 Section 6z-45 of the State Finance Act, and funds for
22 transportation purposes under Section 4 of the General
23 Obligation Bond Act. "Public works" also includes (i) all
24 projects financed in whole or in part with funds from the
25 Environmental Protection Agency under the Illinois Renewable
26 Fuels Development Program Act for which there is no project

1 labor agreement; (ii) all work performed pursuant to a public
2 private agreement under the Public Private Agreements for the
3 Illiana Expressway Act or the Public-Private Agreements for
4 the South Suburban Airport Act; (iii) all projects undertaken
5 under a public-private agreement under the Public-Private
6 Partnerships for Transportation Act or the Department of
7 Natural Resources World Shooting and Recreational Complex Act;
8 and (iv) all transportation facilities undertaken under a
9 design-build contract or a Construction Manager/General
10 Contractor contract under the Innovations for Transportation
11 Infrastructure Act. "Public works" also includes all projects
12 at leased facility property used for airport purposes under
13 Section 35 of the Local Government Facility Lease Act. "Public
14 works" also includes the construction of a new wind power
15 facility by a business designated as a High Impact Business
16 under Section 5.5(a)(3)(E) and the construction of a new
17 utility-scale solar power facility by a business designated as
18 a High Impact Business under Section 5.5(a)(3)(E-5) of the
19 Illinois Enterprise Zone Act. "Public works" also includes
20 electric vehicle charging station projects financed pursuant
21 to the Electric Vehicle Act and renewable energy projects
22 required to pay the prevailing wage pursuant to the Illinois
23 Power Agency Act. "Public works" also includes power washing
24 projects by a public body or paid for wholly or in part out of
25 public funds in which steam or pressurized water, with or
26 without added abrasives or chemicals, is used to remove paint

1 or other coatings, oils or grease, corrosion, or debris from a
2 surface or to prepare a surface for a coating. "Public works"
3 does not include work done directly by any public utility
4 company, whether or not done under public supervision or
5 direction, or paid for wholly or in part out of public funds.
6 "Public works" also includes construction projects performed
7 by a third party contracted by any public utility, as
8 described in subsection (a) of Section 2.1, in public
9 rights-of-way, as defined in Section 21-201 of the Public
10 Utilities Act, whether or not done under public supervision or
11 direction, or paid for wholly or in part out of public funds.
12 "Public works" also includes construction projects that exceed
13 15 aggregate miles of new fiber optic cable, performed by a
14 third party contracted by any public utility, as described in
15 subsection (b) of Section 2.1, in public rights-of-way, as
16 defined in Section 21-201 of the Public Utilities Act, whether
17 or not done under public supervision or direction, or paid for
18 wholly or in part out of public funds. "Public works" also
19 includes any corrective action performed pursuant to Title XVI
20 of the Environmental Protection Act for which payment from the
21 Underground Storage Tank Fund is requested. "Public works"
22 also includes all construction projects involving fixtures or
23 permanent attachments affixed to light poles that are owned by
24 a public body, including street light poles, traffic light
25 poles, and other lighting fixtures, whether or not done under
26 public supervision or direction, or paid for wholly or in part

1 out of public funds, unless the project is performed by
2 employees employed directly by the public body. "Public works"
3 also includes work performed subject to the Mechanical
4 Insulation Energy and Safety Assessment Act. "Public works"
5 also includes the removal, hauling, and transportation of
6 biosolids, lime sludge, and lime residue from a water
7 treatment plant or facility and the disposal of biosolids,
8 lime sludge, and lime residue removed from a water treatment
9 plant or facility at a landfill. "Public works" does not
10 include projects undertaken by the owner at an owner-occupied
11 single-family residence or at an owner-occupied unit of a
12 multi-family residence. "Public works" does not include work
13 performed for soil and water conservation purposes on
14 agricultural lands, whether or not done under public
15 supervision or paid for wholly or in part out of public funds,
16 done directly by an owner or person who has legal control of
17 those lands.

18 "Construction" means all work on public works involving
19 laborers, workers or mechanics. This includes any maintenance,
20 repair, assembly, or disassembly work performed on equipment
21 whether owned, leased, or rented.

22 "Locality" means the county where the physical work upon
23 public works is performed, except (1) that if there is not
24 available in the county a sufficient number of competent
25 skilled laborers, workers and mechanics to construct the
26 public works efficiently and properly, "locality" includes any

1 other county nearest the one in which the work or construction
2 is to be performed and from which such persons may be obtained
3 in sufficient numbers to perform the work and (2) that, with
4 respect to contracts for highway work with the Department of
5 Transportation of this State, "locality" may at the discretion
6 of the Secretary of the Department of Transportation be
7 construed to include two or more adjacent counties from which
8 workers may be accessible for work on such construction.

9 "Public body" means the State or any officer, board or
10 commission of the State or any political subdivision or
11 department thereof, or any institution supported in whole or
12 in part by public funds, and includes every county, city,
13 town, village, township, school district, irrigation, utility,
14 reclamation improvement or other district and every other
15 political subdivision, district or municipality of the state
16 whether such political subdivision, municipality or district
17 operates under a special charter or not.

18 "Labor organization" means an organization that is the
19 exclusive representative of an employer's employees recognized
20 or certified pursuant to the National Labor Relations Act.

21 The terms "general prevailing rate of hourly wages",
22 "general prevailing rate of wages" or "prevailing rate of
23 wages" when used in this Act mean the hourly cash wages plus
24 annualized fringe benefits for training and apprenticeship
25 programs approved by the U.S. Department of Labor, Bureau of
26 Apprenticeship and Training, health and welfare, insurance,

1 vacations and pensions paid generally, in the locality in
2 which the work is being performed, to employees engaged in
3 work of a similar character on public works.

4 (Source: P.A. 102-9, eff. 1-1-22; 102-444, eff. 8-20-21;
5 102-673, eff. 11-30-21; 102-813, eff. 5-13-22; 102-1094, eff.
6 6-15-22; 103-8, eff. 6-7-23; 103-327, eff. 1-1-24; 103-346,
7 eff. 1-1-24; 103-359, eff. 7-28-23; 103-447, eff. 8-4-23;
8 103-605, eff. 7-1-24.)

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.