HB4870

LRB104 17774 HLH 31206 b

104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB4870

by Rep. Amy Elik

SYNOPSIS AS INTRODUCED:

New Act
35 ILCS 5/246 new

Creates the Preserving Illinois Neighborhoods Act. Provides that, for taxable years that begin on or after January 1, 2027 and end on or before December 31, 2032, qualified taxpayers who incur qualified new construction expenditures or qualified rehabilitation expenditures during the taxable year are entitled to a credit. Effective immediately.

LRB104 17774 HLH 31206 b

A BILL FOR

AN ACT concerning revenue.

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

Section 1. Short title. This Act may be cited as the Preserving Illinois Neighborhoods Act.

Section 5. Definitions.

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

"Eligible property" means residential property that (i) has a market value prior to the new construction or rehabilitation of $300,000 or less, (ii) is located in a qualified area, and (iii) has either (A) been vacant for at least 2 years or (B) is or was occupied by a structure that has been condemned by the unit of local government in which the structure is located.

"Qualified area" means an area classified as an underserved area, as defined in Section 5-5 of the Economic Development for a Growing Economy Tax Credit Act, during the taxable year.

"Qualified new construction expenditure" means an expense incurred in connection with the construction of a qualified new residence on eligible property, including, but not limited to, an expense incurred for any of the following: site preparation other than demolition; surveys; architectural and engineering services; construction; or any other necessary and incidental expense incurred for constructing a qualified new residence on the property. Costs paid for by the taxpayer with grants or forgivable loans, other than tax credits provided by State or federal programs, are not considered qualified new construction expenditures.

"Qualified new residence" means a residential structure that is or will be owner-occupied and that is not replacing a structure that is listed on the National Register of Historic Places or the Illinois Register of Historic Places.

"Qualified rehabilitation expenditure" means an expense incurred for the renovation or rehabilitation of an existing single-family residence that is 40 years of age or older, including, but not limited to, an expense incurred for any of the following: site preparation; surveys; architectural and engineering services; or construction, modification, expansion, remodeling, or structural alteration of the residence. Costs paid for by the taxpayer with grants or forgivable loans, other than tax credits provided by State or federal programs, are not considered qualified rehabilitation expenditures.

"Qualified taxpayer" means any taxpayer that is a person, partnership, corporation, trust, limited liability company, or tax-exempt charitable organization and whose Illinois unrelated business taxable income, if any, is subject to the

State income tax imposed under subsections (a) and (b) of Section 201 of the Illinois Income Tax Act.

Section 10. Allowable credit; application.

(a) For taxable years that begin on or after January 1, 2027 and end on or before December 31, 2032, qualified taxpayers who incur qualified new construction expenditures or qualified rehabilitation expenditures during the taxable year are entitled to a credit against the tax imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act as provided in this Act. Subject to the limitations in Section 15, credits under this Act shall be calculated as follows:

(1) 15% of the qualified new construction expenditures incurred by the qualified taxpayer during the taxable year in the construction of a qualified new residence in a qualified area; and

(2) 25% of the qualified rehabilitation expenditures incurred by the qualified taxpayer during the taxable year in the restoration and preservation of eligible property in a qualified area;

(b) Taxpayers shall apply to the Department for credits under this Act in the form and manner required by the Department by rule. A separate application shall be completed for each of the taxpayer's projects that are eligible for credits under this Act. Upon approval of the complete application, the Department shall issue a tax credit certificate in the amount of the eligible credits. The taxpayer must attach the certificate to the tax return on which the credits are to be claimed.

Section 15. Limitations.

(a) Tax credits awarded under this Act for qualified new construction expenditures shall not exceed $40,000 per project. The taxpayer must incur a minimum of $10,000 in eligible expenditures with respect to a project to be eligible for credits under this Act for that project.

(b) The Department may not award more than $5,000,000 in credits under this Act in any calendar year. Credits shall be awarded on a first-come, first-served basis, and the Department must adopt rules whose goal is to ensure that the tax credits are awarded justly and equitably throughout the State.

(c) A taxpayer is not eligible for a credit under this Section if the taxpayer receives a State income tax credit for the same expenditure under any other provision of law.

Section 20. Rulemaking. The Department, in consultation with the Department of Revenue, shall adopt rules for the implementation and administration of this Act.

Section 25. Report. The Department shall report to the

Governor and the General Assembly on the effectiveness of the credits awarded under this Section no later than December 31, 2028 and by December 31 of each even-numbered year through December 31, 2032.

Section 30. Repeal. This Act is repealed on January 1, 2032.

Section 35. The Illinois Income Tax Act is amended by adding Section 246 as follows:

(35 ILCS 5/246 new)

Sec. 246. Preserving Illinois Neighborhoods Act. For taxable years that begin on or after January 1, 2027 and end on or before December 31, 2032, qualified taxpayers who incur qualified new construction expenditures or qualified rehabilitation expenditures during the taxable year are entitled to a credit against the tax imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act as provided in the Preserving Illinois Neighborhoods Act.

This Section is repealed on January 1, 2032.

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