



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB2281

Introduced 2/7/2025, by Sen. Robert F. Martwick

SYNOPSIS AS INTRODUCED:

35 ILCS 5/235 new

Provides that the amendatory Act may be referred to as the Land Conservation Incentives Act. Amends the Illinois Income Tax Act. Provides that, for taxable years beginning on or after January 1, 2025, there is a tax credit of up to \$200,000 with respect to qualified real property interest conveyed for conservation and preservation purposes as the qualified donation by the taxpayer, with certain requirements. Provides that any taxpayer claiming this tax credit may not claim a credit under any similar law for costs related to the same project. Provides that any tax credits from the donation of an interest in land made by a pass-through tax entity such as a trust, estate, partnership, limited liability corporation or partnership, limited partnership, S corporation, or other fiduciary shall be used either by such entity if it is the taxpayer on behalf of such entity or by the member, manager, partner, shareholder, or beneficiary, as the case may be, in proportion to their interest in such entity if the income, deductions, and tax liability passes through such entity to such member, manager, partner, shareholder, or beneficiary, and that such tax credits may not be claimed by both the entity and the member, manager, partner, shareholder, or beneficiary for the same donation. Requires the Department of Natural Resources and Department of Revenue to adopt rules. Defines terms. Makes findings.

LRB104 09415 HLH 19474 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 1. References to Act. This Act may be referred to
5 as the Land Conservation Incentives Act.

6 Section 5. Findings and purpose.

7 (a) The General Assembly finds that the State of Illinois'
8 unique natural resources, wildlife habitats, open spaces,
9 agricultural and forested resources, wetlands, and historic
10 resources are of significant benefit to the State and the
11 public.

12 (b) The General Assembly finds that the State of Illinois'
13 unique natural resources and distinctive natural heritage,
14 including habitat for plants, animals and natural communities,
15 are being lost at an alarming rate.

16 (c) The General Assembly finds that much of the State of
17 Illinois' unique natural, historical and open space resources
18 and habitats are found on lands that are privately owned.

19 (d) The General Assembly desires to encourage private
20 landowners to be stewards of lands and waters that are
21 important habitat or designated natural areas or which contain
22 significant natural, open space, and historic resources.

23 (e) The General Assembly desires to complement and advance

1 existing state priorities as embedded in identified in State
2 law, including, but not limited to, the Illinois Agricultural
3 Areas Conservation and Protection Act, the Illinois Natural
4 Areas Preservation Act, the Real Property Conservation Rights
5 Act, and the Illinois Farmland Preservation Act, thereby
6 preserving public financial resources and leveraging public
7 expenditures.

8 (f) The General Assembly desires to provide private
9 landowners with incentives to encourage protection of private
10 lands for open space, natural resources, biodiversity
11 conservation, water supply, outdoor recreation, farmland and
12 forestland preservation, historic preservation, and land
13 conservation purposes.

14 Section 10. The Illinois Income Tax Act is amended by
15 adding Section 235 as follows:

16 (35 ILCS 5/235 new)

17 Sec. 235. Conservation land tax credit.

18 (a) In this Section:

19 "Conservation purposes" means for the purpose of open
20 space conservation, natural resource conservation,
21 biodiversity conservation, land conservation, agricultural
22 conservation, watershed conservation, or historic
23 preservation.

24 "Public or private conservation agency" means:

1 (1) a governmental body;
2 (2) a private not-for-profit charitable corporation or
3 trust:

4 (A) authorized to do business in the State of
5 Illinois;

6 (B) authorized to acquire, hold, and maintain
7 title to real estate or interests in real estate;

8 (C) organized and operated for conservation
9 purposes, including natural resource protection or
10 land conservation, or historic preservation purposes;
11 and

12 (D) meeting other criteria or certification
13 determined by rule of the Department of Natural
14 Resources; or

15 (3) a non-profit corporation having tax-exempt status
16 as a public charity under the U.S. Internal Revenue Code
17 of 1986, as amended, and having received accreditation
18 through the Land Trust Accreditation Commission.

19 "Qualified donation" means the transfer and conveyance by
20 gift, without consideration, of all or a portion of a
21 qualified real property interest to a public or private
22 conservation agency for a conservation purpose, provided that
23 those purposes are secured in perpetuity through (i)
24 restrictions recorded in the real property records of the
25 county where the qualified real property interest is located,
26 (ii) restrictions recorded in the real property records in the

1 county where the qualified real property interest is located,
2 or (iii) by one or more other mechanisms to be developed by
3 rule which will secure the real property for conservation
4 purposes in perpetuity.

5 "Qualified real property interest" means any one or more
6 of the following interests in real property:

7 (1) a fee simple interest;

8 (2) a remainder interest; or

9 (3) a restriction (granted in perpetuity and created
10 pursuant to Illinois real property law) on the use that
11 may be made of the real property and that complies with
12 Section 170(h)(2)(c) of the federal Internal Revenue Code.

13 (b) For taxable years beginning on or after January 1,
14 2025, there shall be allowed as a credit against the tax
15 imposed by Section 201 for the taxable year with respect to
16 qualified real property interest conveyed for conservation and
17 preservation purposes as the qualified donation by the
18 taxpayer an amount equal to the fair market value of the
19 qualified donation made of qualified real property interest
20 conveyed for conservation and preservation purposes.

21 (1) Any qualified donations made by a taxpayer under
22 this Section for the credit against the tax imposed by
23 Section 201 shall be substantiated by a Qualified
24 Appraisal prepared by a Qualified Appraiser, as those
25 terms are defined under 26 CFR 1.170A-17.

26 (2) The amount of the credit that may be claimed by a

1 taxpayer under this Section shall not exceed \$200,000. In
2 addition, in any one tax year the credit used may not
3 exceed the amount of individual or corporate income tax
4 otherwise due. Any portion of the credit which is unused
5 in any one tax year may be carried over for a maximum of 20
6 consecutive tax years following the tax year in which the
7 credit originated until fully expended.

8 (3) A taxpayer claiming a tax credit under this
9 Section may transfer, for consideration, all or a portion
10 of any unexpended tax credit which may be available to
11 another taxpayer for use by such other taxpayer, as
12 transferee, to apply as a credit against tax imposed by
13 State law. Notice of such transfer and the amount of such
14 tax credits so transferred shall be filed with the
15 transferee's and transferor's tax returns, pursuant to
16 rules that may be adopted to implement this Section.

17 (c) The tax credits provided by this Section shall apply
18 to transfers of interests in land in taxable years beginning
19 on or after January 1, 2025, and all taxable years thereafter.

20 (d) Any taxpayer claiming a tax credit under this Section
21 may not claim a credit under any similar law for costs related
22 to the same project.

23 (e) Any tax credits which arise under this Section from
24 the donation of an interest in land made by a pass-through tax
25 entity such as a trust, estate, partnership, limited liability
26 corporation or partnership, limited partnership, S

1 corporation, or other fiduciary shall be used either by such
2 entity if it is the taxpayer on behalf of such entity or by the
3 member, manager, partner, shareholder, or beneficiary, as the
4 case may be, in proportion to their interest in such entity if
5 that income, deductions, and tax liability passes through such
6 entity to such member, manager, partner, shareholder, or
7 beneficiary. Such tax credits may not be claimed by both the
8 entity and the member, manager, partner, shareholder, or
9 beneficiary for the same donation.

10 (f) In the case of a pass-through entity described in
11 subsection (e), no qualified real property interest shall be
12 eligible for a tax credit under this Section unless such
13 entity acquired the land or qualified real property interest
14 by purchase 3 or more years before the tax year in which a tax
15 credit under this Section for the qualified real property
16 interest is being sought.

17 (g) Subsection (f) shall not apply with respect to any
18 gift of a qualified real property interest by any partnership
19 or pass through entity for which a tax credit is being sought
20 under this Section if substantially all of the partnership
21 interests or pass through entity interests in such partnership
22 or pass through entity are held, directly or indirectly, by an
23 individual or by members of the family of such individual. In
24 this subsection, "members of the family" means, with respect
25 to any individual, the spouse of such individual, and any
26 individual who bears a relationship to such individual as

1 described in Section 152(d)(2) of the federal Internal Revenue
2 Code, subparagraphs (A) through (G).

3 (h) In no event shall a credit under this Section reduce
4 the taxpayer's liability to less than zero.

5 (i) This Section is exempt from the provisions of Section
6 250.

7 (j) The Department of Natural Resources may adopt rules as
8 may be deemed necessary in fulfillment of the purposes of this
9 amendatory Act of the 104th General Assembly. The Department
10 of Natural Resources, on or before the date that is 5 years
11 after the effective date of this amendatory Act of the 104th
12 General Assembly, shall prepare and submit a report to the
13 General Assembly showing the lands protected during such
14 period pursuant to this Act.

15 (k) The Department of Revenue, in consultation with the
16 Department of Natural Resources, shall adopt rules as may be
17 deemed necessary to administer the tax incentives provided for
18 in this Section and shall coordinate with the Department of
19 Natural Resources in the preparation of the report to the
20 General Assembly under subsection (j) of this Section showing
21 the fiscal impact on the State treasury of the credits claimed
22 pursuant to this Act.

23 (l) No part or segment of this Section shall be
24 interpreted to in any way alter or amend any permit
25 requirements, reporting requirements, allocation procedures,
26 or other requirements set forth in any other provision of

1 State law.