

# SB3032



## 104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3032

Introduced 1/28/2026, by Sen. Celina Villanueva

### SYNOPSIS AS INTRODUCED:

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

Amends the Illinois Income Tax Act. Provides that projects funded in whole or part with proceeds of certain transferable tax credits are considered public works within the meaning of the Prevailing Wage Act. Amends the Prevailing Wage Act. Provides that "public works" includes projects financed in whole or part with, among other things, funds received from the sale or transfer of tax credits awarded by the State, other than tax credits awarded under the Film Production Services Tax Credit Act of 2008 or the Live Theater Production Tax Credit Act. Effective immediately.

LRB104 16574 TRT 29973 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 214, 223, and 240 as follows:

6 (35 ILCS 5/214)

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

8 (a) Beginning with taxable years ending on or after  
9 December 31, 2001 and until the taxable year ending on  
10 December 31, 2026, a taxpayer who makes a donation under  
11 Section 7.28 of the Illinois Housing Development Act is  
12 entitled to a credit against the tax imposed by subsections  
13 (a) and (b) of Section 201 in an amount equal to 50% of the  
14 value of the donation. For taxable years ending before  
15 December 31, 2023, partners, shareholders of subchapter S  
16 corporations, and owners of limited liability companies (if  
17 the limited liability company is treated as a partnership for  
18 purposes of federal and State income taxation) are entitled to  
19 a credit under this Section to be determined in accordance  
20 with the determination of income and distributive share of  
21 income under Sections 702 and 703 and subchapter S of the  
22 Internal Revenue Code. For taxable years ending on or after  
23 December 31, 2023, partners and shareholders of subchapter S

1 corporations are entitled to a credit under this Section as  
2 provided in Section 251. Persons or entities not subject to  
3 the tax imposed by subsections (a) and (b) of Section 201 and  
4 who make a donation under Section 7.28 of the Illinois Housing  
5 Development Act are entitled to a credit as described in this  
6 subsection and may transfer that credit as described in  
7 subsection (c).

8 (b) If the amount of the credit exceeds the tax liability  
9 for the year, the excess may be carried forward and applied to  
10 the tax liability of the 5 taxable years following the excess  
11 credit year. The tax credit shall be applied to the earliest  
12 year for which there is a tax liability. If there are credits  
13 for more than one year that are available to offset a  
14 liability, the earlier credit shall be applied first.

15 (c) The transfer of the tax credit allowed under this  
16 Section may be made (i) to the purchaser of land that has been  
17 designated solely for affordable housing projects in  
18 accordance with the Illinois Housing Development Act or (ii)  
19 to another donor who has also made a donation in accordance  
20 with Section 7.28 of the Illinois Housing Development Act.  
21 Projects funded in whole or in part by the proceeds of tax  
22 credits transferred pursuant to this subsection shall be  
23 considered public works within the meaning of the Prevailing  
24 Wage Act.

25 (d) A taxpayer claiming the credit provided by this  
26 Section must maintain and record any information that the

1 Department may require by regulation regarding the project for  
2 which the credit is claimed. When claiming the credit provided  
3 by this Section, the taxpayer must provide information  
4 regarding the taxpayer's donation to the project under the  
5 Illinois Housing Development Act.

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

8 (35 ILCS 5/223)

9 Sec. 223. Hospital credit.

10 (a) For tax years ending on or after December 31, 2012 and  
11 ending on or before December 31, 2027, a taxpayer that is the  
12 owner of a hospital licensed under the Hospital Licensing Act,  
13 but not including an organization that is exempt from federal  
14 income taxes under the Internal Revenue Code, is entitled to a  
15 credit against the taxes imposed under subsections (a) and (b)  
16 of Section 201 of this Act in an amount equal to the lesser of  
17 the amount of real property taxes paid during the tax year on  
18 real property used for hospital purposes during the prior tax  
19 year or the cost of free or discounted services provided  
20 during the tax year pursuant to the hospital's charitable  
21 financial assistance policy, measured at cost.

22 (b) If the taxpayer is a partnership or Subchapter S  
23 corporation, the credit is allowed to the partners or  
24 shareholders in accordance with the determination of income  
25 and distributive share of income under Sections 702 and 704

1 and Subchapter S of the Internal Revenue Code. A transfer of  
2 this credit may be made by the taxpayer earning the credit  
3 within one year after the credit is earned in accordance with  
4 rules adopted by the Department. Projects funded in whole or  
5 in part by the proceeds of tax credits transferred pursuant to  
6 this subsection shall be considered public works within the  
7 meaning of the Prevailing Wage Act. The Department shall  
8 prescribe rules to enforce and administer provisions of this  
9 Section. If the amount of the credit exceeds the tax liability  
10 for the year, then the excess credit may be carried forward and  
11 applied to the tax liability of the 5 taxable years following  
12 the excess credit year. The credit shall be applied to the  
13 earliest year for which there is a tax liability. If there are  
14 credits from more than one tax year that are available to  
15 offset a liability, the earlier credit shall be applied first.  
16 In no event shall a credit under this Section reduce the  
17 taxpayer's liability to less than zero.

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

19 (35 ILCS 5/240)

20 Sec. 240. Hydrogen fuel replacement tax credits.

21 (a) For tax years ending on or after December 31, 2027 and  
22 beginning before January 1, 2029, an eligible taxpayer who  
23 qualifies for a credit under the Hydrogen Fuel Replacement Tax  
24 Credit Act is entitled to a credit against the taxes imposed  
25 under subsections (a) and (b) of Section 201 of this Act as

1 provided in that Act. If the eligible taxpayer is a  
2 partnership or Subchapter S corporation, the credit shall be  
3 allowed to the partners or shareholders in accordance with the  
4 determination of income and distributive share of income under  
5 Sections 702 and 704 and Subchapter S of the Internal Revenue  
6 Code.

7 (b) If the amount of the credit exceeds the tax liability  
8 for the year, the excess may be carried forward and applied to  
9 the tax liability of the 5 taxable years following the excess  
10 credit year. The credit shall be applied to the earliest year  
11 for which there is a tax liability. If there are credits from  
12 more than one tax year that are available to offset a  
13 liability, the earlier credit shall be applied first. In no  
14 event shall a credit under this Section reduce the taxpayer's  
15 liability to less than zero.

16 (c) A sale, assignment, or transfer of the tax credit may  
17 be made by the taxpayer earning the credit within one year  
18 after the credit is awarded in accordance with rules adopted  
19 by the Department of Commerce and Economic Opportunity.  
20 Projects funded in whole or in part by the proceeds of tax  
21 credits transferred pursuant to this subsection shall be  
22 considered public works within the meaning of the Prevailing  
23 Wage Act.

24 (d) A person claiming the credit allowed under this  
25 Section shall attach to its Illinois income tax return a copy  
26 of the tax credit certificate or the transfer certificate

1 issued by the Department of Commerce and Economic Opportunity.  
2 (Source: P.A. 103-268, eff. 7-25-23.)

3 Section 20. The Prevailing Wage Act is amended by changing  
4 Section 2 as follows:

5 (820 ILCS 130/2)

6 Sec. 2. This Act applies to the wages of laborers,  
7 mechanics, and other workers employed in any public works, as  
8 hereinafter defined, by any public body and to anyone under  
9 contracts for public works. This includes any maintenance,  
10 repair, assembly, or disassembly work performed on equipment  
11 whether owned, leased, or rented.

12 As used in this Act, unless the context indicates  
13 otherwise:

14 "Public works" means all fixed works constructed or  
15 demolished by any public body, or paid for wholly or in part  
16 out of public funds. "Public works" as defined herein includes  
17 all projects financed in whole or in part with bonds, grants,  
18 loans, or other funds made available by or through the State or  
19 any of its political subdivisions, including, but not limited  
20 to: bonds issued under the Industrial Project Revenue Bond Act  
21 (Article 11, Division 74 of the Illinois Municipal Code), the  
22 Industrial Building Revenue Bond Act, the Illinois Finance  
23 Authority Act, the Illinois Sports Facilities Authority Act,  
24 or the Build Illinois Bond Act; loans or other funds made

1 available pursuant to the Build Illinois Act; loans or other  
2 funds made available pursuant to the Riverfront Development  
3 Fund under Section 10-15 of the River Edge Redevelopment Zone  
4 Act; funds received from the sale or transfer of tax credits  
5 awarded by the State, other than tax credits awarded under the  
6 Film Production Services Tax Credit Act of 2008 or the Live  
7 Theater Production Tax Credit Act; or funds from the Fund for  
8 Illinois' Future under Section 6z-47 of the State Finance Act,  
9 funds for school construction under Section 5 of the General  
10 Obligation Bond Act, funds authorized under Section 3 of the  
11 School Construction Bond Act, funds for school infrastructure  
12 under Section 6z-45 of the State Finance Act, and funds for  
13 transportation purposes under Section 4 of the General  
14 Obligation Bond Act. "Public works" also includes all federal  
15 construction projects administered or controlled by a public  
16 body if the prevailing rate of wages is equal to or greater  
17 than the prevailing wage determination by the United States  
18 Secretary of Labor for the same locality for the same type of  
19 construction used to classify the federal construction  
20 project. "Public works" also includes (i) all projects  
21 financed in whole or in part with funds from the Environmental  
22 Protection Agency under the Illinois Renewable Fuels  
23 Development Program Act for which there is no project labor  
24 agreement; (ii) all work performed pursuant to a public  
25 private agreement under the Public Private Agreements for the  
26 Illiana Expressway Act or the Public-Private Agreements for

1 the South Suburban Airport Act; (iii) all projects undertaken  
2 under a public-private agreement under the Public-Private  
3 Partnerships for Transportation Act or the Department of  
4 Natural Resources World Shooting and Recreational Complex Act;  
5 and (iv) all transportation facilities undertaken under a  
6 design-build contract or a Construction Manager/General  
7 Contractor contract under the Innovations for Transportation  
8 Infrastructure Act. "Public works" also includes all projects  
9 at leased facility property used for airport purposes under  
10 Section 35 of the Local Government Facility Lease Act. "Public  
11 works" also includes the construction of a new wind power  
12 facility by a business designated as a High Impact Business  
13 under Section 5.5(a)(3)(E) of the Illinois Enterprise Zone  
14 Act, the construction of a new utility-scale solar power  
15 facility by a business designated as a High Impact Business  
16 under Section 5.5(a)(3)(E-5) of the Illinois Enterprise Zone  
17 Act, the construction of a new battery energy storage solution  
18 facility by a business designated as a High Impact Business  
19 under Section 5.5(a)(3)(I) of the Illinois Enterprise Zone  
20 Act, and the construction of a high voltage direct current  
21 converter station by a business designated as a High Impact  
22 Business under Section 5.5(a)(3)(J) of the Illinois Enterprise  
23 Zone Act. "Public works" also includes electric vehicle  
24 charging station projects financed pursuant to the Electric  
25 Vehicle Act and renewable energy projects required to pay the  
26 prevailing wage pursuant to the Illinois Power Agency Act.

1 "Public works" also includes power washing projects by a  
2 public body or paid for wholly or in part out of public funds  
3 in which steam or pressurized water, with or without added  
4 abrasives or chemicals, is used to remove paint or other  
5 coatings, oils or grease, corrosion, or debris from a surface  
6 or to prepare a surface for a coating. "Public works" also  
7 includes all electric transmission systems projects subject to  
8 the Electric Transmission Systems Construction Standards Act.  
9 "Public works" does not include work done directly by any  
10 public utility company, whether or not done under public  
11 supervision or direction, or paid for wholly or in part out of  
12 public funds. "Public works" also includes construction  
13 projects performed by a third party contracted by any public  
14 utility, as described in subsection (a) of Section 2.1, in  
15 public rights-of-way, as defined in Section 21-201 of the  
16 Public Utilities Act, whether or not done under public  
17 supervision or direction, or paid for wholly or in part out of  
18 public funds. "Public works" also includes construction  
19 projects that exceed 15 aggregate miles of new fiber optic  
20 cable, performed by a third party contracted by any public  
21 utility, as described in subsection (b) of Section 2.1, in  
22 public rights-of-way, as defined in Section 21-201 of the  
23 Public Utilities Act, whether or not done under public  
24 supervision or direction, or paid for wholly or in part out of  
25 public funds. "Public works" also includes any corrective  
26 action performed pursuant to Title XVI of the Environmental

1 Protection Act for which payment from the Underground Storage  
2 Tank Fund is requested. "Public works" also includes all  
3 construction projects involving fixtures or permanent  
4 attachments affixed to light poles that are owned by a public  
5 body, including street light poles, traffic light poles, and  
6 other lighting fixtures, whether or not done under public  
7 supervision or direction, or paid for wholly or in part out of  
8 public funds, unless the project is performed by employees  
9 employed directly by the public body. "Public works" also  
10 includes work performed subject to the Mechanical Insulation  
11 Energy and Safety Assessment Act. "Public works" also includes  
12 the removal, hauling, and transportation of biosolids, lime  
13 sludge, and lime residue from a water treatment plant or  
14 facility and the disposal of biosolids, lime sludge, and lime  
15 residue removed from a water treatment plant or facility at a  
16 landfill. "Public works" also includes sewer inspection  
17 projects that use a closed-circuit television to identify  
18 issues in a sewer system, such as cracks in pipes, root  
19 intrusion, blockages, or other structural damage. "Public  
20 works" does not include projects undertaken by the owner at an  
21 owner-occupied single-family residence or at an owner-occupied  
22 unit of a multi-family residence. "Public works" does not  
23 include work performed for soil and water conservation  
24 purposes on agricultural lands, whether or not done under  
25 public supervision or paid for wholly or in part out of public  
26 funds, done directly by an owner or person who has legal

1 control of those lands.

2 "Construction" means all work on public works involving  
3 laborers, workers or mechanics. This includes any maintenance,  
4 repair, assembly, or disassembly work performed on equipment  
5 whether owned, leased, or rented.

6 "Locality" means the county where the physical work upon  
7 public works is performed, except (1) that if there is not  
8 available in the county a sufficient number of competent  
9 skilled laborers, workers and mechanics to construct the  
10 public works efficiently and properly, "locality" includes any  
11 other county nearest the one in which the work or construction  
12 is to be performed and from which such persons may be obtained  
13 in sufficient numbers to perform the work and (2) that, with  
14 respect to contracts for highway work with the Department of  
15 Transportation of this State, "locality" may at the discretion  
16 of the Secretary of the Department of Transportation be  
17 construed to include two or more adjacent counties from which  
18 workers may be accessible for work on such construction.

19 "Public body" means the State or any officer, board or  
20 commission of the State or any political subdivision or  
21 department thereof, or any institution supported in whole or  
22 in part by public funds, and includes every county, city,  
23 town, village, township, school district, irrigation, utility,  
24 reclamation improvement or other district and every other  
25 political subdivision, district or municipality of the state  
26 whether such political subdivision, municipality or district

1 operates under a special charter or not.

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

5 The terms "general prevailing rate of hourly wages",  
6 "general prevailing rate of wages" or "prevailing rate of  
7 wages" when used in this Act mean the hourly cash wages plus  
8 full journeyman annualized fringe benefits for training and  
9 apprenticeship programs registered with the Office of  
10 Apprenticeship within the U.S. Department of Labor's  
11 Employment and Training Administration with full journeymen  
12 annualized fringe benefits for health and welfare, insurance,  
13 vacations, and pensions paid generally, in the locality in  
14 which the work is being performed, to employees engaged in  
15 work of a similar character on public works.

16 (Source: P.A. 103-8, eff. 6-7-23; 103-327, eff. 1-1-24;  
17 103-346, eff. 1-1-24; 103-359, eff. 7-28-23; 103-447, eff.  
18 8-4-23; 103-605, eff. 7-1-24; 103-1066, eff. 2-20-25; 104-17,  
19 eff. 6-30-25; 104-23, eff. 6-30-25; 104-160, eff. 8-14-25;  
20 revised 9-12-25.)

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