



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB3360

by Rep. Elgie R. Sims, Jr.

SYNOPSIS AS INTRODUCED:

New Act
35 ILCS 5/216
35 ILCS 25/25
35 ILCS 25/30

Creates the Community Renewal and Revitalization Act. Provides for the qualifications for and designation of Health, Opportunity, Prosperity, and Empowerment (HOPE) Zones. Provides for a HOPE Zone tax credit and other credits and benefits going to businesses operating in HOPE Zones. Provides for the powers and duties of the Department of Commerce and Economic Opportunity under the Act. Provides for State incentives regarding public services and physical infrastructure. Provides for State regulatory exemptions in HOPE Zones. Provides for State and local regulatory alternatives under the Act. Amends the Illinois Income Tax Act to allow for a specified tax credit for wages paid to qualified ex-offenders in HOPE Zones. Modifies the term "qualified ex-offender" to include a person hired by a taxpayer 5 years (currently, 3 years) after being released from an Illinois adult correctional center. Amends the Small Business Job Creation Tax Credit Act to allow a specified tax credit for businesses operating in HOPE Zones. Provides that the Department shall limit the monetary amount of credits awarded under the Act to no more than \$100,000,000 (currently, \$50,000,000).

LRB100 11034 RJF 21273 b

1 AN ACT concerning government.

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

4 Section 1. Short title. This Act may be cited as the
5 Community Renewal and Revitalization Act.

6 Section 5. Intent. The intent of this Act is to spur
7 investment in areas of high unemployment and high crime through
8 various economic development tools intended to incentivize
9 businesses to relocate, expand, and develop within those
10 communities. It is the hope and belief of the General Assembly
11 that through the creation of Health, Opportunity, Prosperity,
12 and Empowerment (HOPE) Zones, economic growth and vitality can
13 foster in impoverished communities of this State.

14 Section 10. Definitions. As used in this Act:

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

17 "Director" means the Director of the Department of Commerce
18 and Economic Opportunity.

19 "HOPE Zone" or "Zone" means a Health, Opportunity,
20 Prosperity, and Empowerment Zone established under this Act.

21 Section 15. Qualifications for HOPE Zones.

1 (a) An area is qualified to become a HOPE Zone if:

2 (1) it is a contiguous area, provided that a zone area
3 may exclude wholly surrounded territory within its
4 boundaries;

5 (2) it is comprised of a minimum of one-half square
6 mile and not more than 15 square miles, in total area,
7 exclusive of lakes and waterways;

8 (3) it is entirely within a municipality or entirely
9 within the unincorporated areas of a county, except where
10 reasonable need is established for such zone to cover
11 portions of more than one municipality or county;

12 (4) all or part of the area to be designated as a HOPE
13 Zone has had an annual average unemployment rate of at
14 least 120% of the State's annual average unemployment rate
15 for the most recent calendar year or the most recent fiscal
16 year as reported by the Department of Employment Security;
17 and

18 (5) all or part of the area to be designated as a HOPE
19 Zone has a poverty rate of at least 20% according to the
20 latest federal decennial census, and a census tract crime
21 rate higher than the State average.

22 (b) Any criteria established by the Department or by law
23 which utilize the rate of unemployment for a particular area
24 shall provide that all persons who are not presently employed
25 and have exhausted all unemployment benefits shall be
26 considered unemployed, whether or not such persons are actively

1 seeking employment.

2 Section 20. Designation of HOPE Zones.

3 (a) Any area determined by the Director of the Department
4 of Commerce and Economic Opportunity as meeting the
5 qualifications established under Section 10 shall be
6 designated a HOPE Zone, and be eligible for benefits under this
7 Act.

8 (b) Upon designation of a HOPE Zone, the Director shall
9 provide:

10 (1) a precise description of the area comprising the
11 Zone, either in the form of a legal description or by
12 reference to roadways, lakes and waterways, and township
13 and county boundaries;

14 (2) a finding that the Zone area meets the
15 qualifications established under Section 10;

16 (3) provisions for any tax incentives or reimbursement
17 for taxes, which under State and federal law apply to
18 businesses within the designated Zone;

19 (4) the duration or term of the HOPE Zone, which shall
20 be no less than 10 years in duration; and

21 (5) any other information the Director deems necessary
22 to the establishment of HOPE Zones under this Act.

23 (c) Nothing in this Section shall prohibit a municipality
24 or county from extending additional tax incentives or
25 reimbursement for businesses in HOPE Zones or throughout their

1 territory by separate ordinance. Nothing in this Section shall
2 prohibit a municipality or county from applying to be an
3 Enterprise Zone under the Illinois Enterprise Zone Act.

4 Section 25. HOPE Zone tax credit.

5 (a) The HOPE Zone tax credit is hereby created to be
6 granted to businesses relocating to, expanding within,
7 developing within, or existing within areas designated as HOPE
8 Zones under this Act.

9 (b) Businesses maintaining operations within a HOPE Zone
10 shall be eligible to receive a 50% tax credit on its annual
11 corporate income tax, and a tax credit to all fees and
12 franchise taxes paid to the Secretary of State for organizing
13 and maintaining any business organization within the Zone.

14 (c) Individuals living within a HOPE Zone shall also be
15 eligible to receive a 50% tax credit to their annual individual
16 income tax.

17 (d) Any business designated as a "High Impact Business"
18 under Section 5.5 of the Illinois Enterprise Zone Act that
19 intends to invest in a HOPE Zone, in a manner specified in
20 subparagraphs (A) through (F) of that Section, shall be
21 eligible for the credits and benefits provided in that Section.
22 All provisions and procedures in Section 5.5 of the Illinois
23 Enterprise Zone Act with respect to the application and
24 designation of High Impact Businesses shall apply.

1 Section 30. Powers and duties of the Department.

2 (a) General powers. The Department shall administer this
3 Act and shall have the following powers and duties:

4 (1) To monitor the implementation of this Act and
5 submit reports evaluating the effectiveness of the program
6 and any suggestions for legislation to the Governor and
7 General Assembly by October 1 of every year preceding a
8 regular Session of the General Assembly and to annually
9 report to the General Assembly initial and current
10 population, employment, per capita income, number of
11 business establishments, dollar value of new construction
12 and improvements, and the aggregate value of each tax
13 incentive, based on information provided by the Department
14 of Revenue, for each HOPE Zone.

15 (2) To adopt all necessary rules and regulations to
16 carry out the purposes of this Act in accordance with The
17 Illinois Administrative Procedure Act.

18 (3) To assist municipalities and counties in obtaining
19 federal status as an Enterprise Zone.

20 (b) Specific duties:

21 (1) The Department shall provide information and
22 appropriate assistance to persons desiring to locate and
23 engage in business in a HOPE Zone, to persons engaged in
24 business in a HOPE Zone, and to designated Zone
25 organizations operating there.

26 (2) The Department shall, in cooperation with

1 appropriate units of local government and State agencies,
2 coordinate and streamline existing State business
3 assistance programs and permit and license application
4 procedures for HOPE Zone businesses.

5 (3) The Department shall publicize existing tax
6 incentives and economic development programs within the
7 Zone and upon request, offer technical assistance in
8 abatement and alternative revenue source development to
9 local units of government which have HOPE Zones within
10 their jurisdiction.

11 (4) The Department shall work together with the
12 responsible State and federal agencies to promote the
13 coordination of other relevant programs, including, but
14 not limited to, housing, community and economic
15 development, small business, banking, financial
16 assistance, and employment training programs which are
17 carried on in a HOPE Zone.

18 (5) In order to stimulate employment opportunities for
19 Zone residents, the Department, in cooperation with the
20 Department of Human Services and the Department of
21 Employment Security, is to initiate a test of the following
22 2 programs within the 12 month period following designation
23 and approval by the Department of the first HOPE zones: (i)
24 the use of aid to families with dependent children benefits
25 payable under Article IV of the Illinois Public Aid Code,
26 General Assistance benefits payable under Article VI of the

1 Illinois Public Aid Code, the unemployment insurance
2 benefits payable under the Unemployment Insurance Act as
3 training or employment subsidies leading to unsubsidized
4 employment; and (ii) a program for voucher reimbursement of
5 the cost of training Zone residents eligible under the
6 Targeted Jobs Tax Credit provisions of the Internal Revenue
7 Code for employment in private industry. These programs
8 shall not be designed to subsidize businesses, but are
9 intended to open up job and training opportunities not
10 otherwise available. Nothing in this paragraph (5) shall be
11 deemed to require Zone businesses to utilize these
12 programs. These programs should be designed (i) for those
13 individuals whose opportunities for job-finding are
14 minimal without program participation; (ii) to minimize
15 the period of benefit collection by such individuals; and
16 (iii) to accelerate the transition of those individuals to
17 unsubsidized employment. The Department is to seek
18 agreement with business, organized labor and the
19 appropriate State Department, and agencies on the design,
20 operation, and evaluation of the test programs.

21 A report with recommendations including representative
22 comments of these groups shall be submitted by the Department
23 to the Governor and General Assembly not later than 12 months
24 after such test programs have commenced, or not later than 3
25 months following the termination of such test programs,
26 whichever first occurs.

1 Section 35. State incentives regarding public services and
2 physical infrastructure.

3 (a) Industrial development bonds. Priority in the use of
4 industrial development bonds issued by the Illinois Finance
5 Authority shall be given to businesses located in HOPE Zones.

6 (b) Deposit of State funds by the State Treasurer. The
7 State Treasurer is authorized and encouraged to place deposits
8 of State funds with financial institutions doing business in
9 HOPE Zones.

10 Section 40. State regulatory exemptions in HOPE Zones.

11 (a) The Department shall conduct an ongoing review of such
12 agency rules and regulations that may be identified by the
13 Department as businesses and preliminarily appearing to the
14 Department to:

15 (i) affect the conduct of business, industry, and
16 commerce;

17 (ii) impose excessive costs on either the creation or
18 conduct of such businesses; and

19 (iii) inhibit the development and expansions of
20 businesses within HOPE Zones.

21 The Department shall conduct hearings, pursuant to public
22 notice, to solicit public comment on such identified rules and
23 regulations as part of this review process.

24 (b) No later than August 1 of each calendar year, the

1 Department shall publish in the Illinois Register a list of
2 such rules and regulations identified under subsection (a). The
3 Department shall transmit a copy of the list to each agency
4 which has adopted rules or regulations on the list.

5 (c) Within 90 days of the publication of the list by the
6 Department, each agency which adopted rules or regulations
7 identified therein shall file a written report with the
8 Department detailing for each identified rule or regulation:

9 (i) the need or justification;

10 (ii) whether the rule or regulation is mandated by
11 State or federal law, or is discretionary, and to what
12 extent;

13 (iii) a synopsis of the history of the rule, including
14 any internal agency review after its original adoption; and

15 (iv) any appropriate explanation of its relationship
16 to other regulatory requirements.

17 The adopting agency shall also include any available data,
18 analysis, and studies concerning the economic impact of the
19 identified rules and regulations. The agency responses shall be
20 public records.

21 (d) No later than January 1 of the following calendar year,
22 the Department shall file proposed rules exempting businesses
23 within HOPE Zones from those agency rules and regulations
24 contained in the published list, for which the Department finds
25 that the job creation or business development incentives for
26 HOPE Zone development engendered by the exemption outweigh the

1 need and justification for the rule or regulation. In making
2 its findings, the Department shall consider all information,
3 data, and opinions submitted to it by the public, as well as by
4 adopting agencies, as well as information otherwise available
5 to it.

6 (e) The proposed rules and regulations adopted by the
7 Department shall be in the form of amendments to the existing
8 rules and regulations to be affected, and shall be subject to
9 the Illinois Administrative Procedure Act.

10 (f) Upon its effective date, any exempting rule or
11 regulation of the Department shall supersede the exempted
12 agency rule or regulation in accordance with the terms of the
13 exemption. Such exemptions may apply only to businesses within
14 HOPE Zones during the effective term of the respective Zones.
15 Agencies may not adopt emergency rules to circumvent an
16 exemption effected by a Department exemption rule; any such
17 emergency rules shall not be effective within HOPE Zones to the
18 extent inconsistent with the terms of such an exemption.

19 Section 45. State and local regulatory alternatives.

20 (a) Agencies may provide in their rules and regulations for
21 (i) the exemption of businesses within HOPE Zones; or (ii)
22 modifications or alternatives specifically applicable to
23 businesses within HOPE Zones, which impose less stringent
24 standards or alternative standards for compliance, including
25 performance-based standards as a substitute for specific

1 mandates of methods, procedures, or equipment.

2 Such exemptions, modifications, or alternatives shall be
3 effected by rule or regulation adopted in accordance with the
4 Illinois Administrative Procedure Act. The agency adopting
5 exemptions, modifications, or alternatives shall file with its
6 proposed rule or regulation its findings that the proposed rule
7 or regulation provides economic incentives within HOPE Zones
8 which promote the purposes of this Act, and which, to the
9 extent they include any exemptions or reductions in regulatory
10 standards or requirements, outweigh the need or justification
11 for the existing rule or regulation.

12 (b) If any agency adopts a rule or regulation under
13 subsection (a) of this Section affecting a rule or regulation
14 contained on the list published by the Department under Section
15 35 of this Act, prior to the completion of the rule making
16 process for the Department's rules under that Section, the
17 agency shall immediately transmit a copy of its proposed rule
18 or regulation to the Department, together with a statement of
19 reasons as to why the Department should defer to the agency's
20 proposed rule or regulation. Agency rules adopted under
21 subsection (a) of this Section shall, however, be subject to
22 the exemption rules and regulations of the Department adopted
23 under Section 35 of this Act.

24 (c) The county or municipality containing a HOPE Zone may
25 modify all local ordinances and regulations regarding (1)
26 zoning; (2) licensing; (3) building codes, excluding however,

1 any regulations treating building defects; and (4) rent control
2 and price controls; except for the minimum wage.
3 Notwithstanding any shorter statute of limitation to the
4 contrary, actions against any contractor or architect who
5 designs, constructs, or rehabilitates a building or structure
6 in a HOPE Zone in accordance with local standards specifically
7 applicable within Zones which have been relaxed may be
8 commenced within 10 years from the time of beneficial occupancy
9 of the building or use of the structure.

10 Section 100. The Illinois Income Tax Act is amended by
11 changing Section 216 as follows:

12 (35 ILCS 5/216)

13 Sec. 216. Credit for wages paid to ex-felons.

14 (a) For each taxable year beginning on or after January 1,
15 2007, each taxpayer is entitled to a credit against the tax
16 imposed by subsections (a) and (b) of Section 201 of this Act
17 in an amount equal to 5% of qualified wages paid by the
18 taxpayer during the taxable year to one or more Illinois
19 residents who are qualified ex-offenders. The total credit
20 allowed to a taxpayer with respect to each qualified
21 ex-offender may not exceed \$1,500 for all taxable years, except
22 that a taxpayer operating a business in a HOPE Zone under the
23 Community Renewal and Revitalization Act shall be allowed a
24 total credit up to \$3,000 with respect to each qualified

1 ex-offender for all taxable years. For partners, shareholders
2 of Subchapter S corporations, and owners of limited liability
3 companies, if the liability company is treated as a partnership
4 for purposes of federal and State income taxation, there shall
5 be allowed a credit under this Section to be determined in
6 accordance with the determination of income and distributive
7 share of income under Sections 702 and 704 and Subchapter S of
8 the Internal Revenue Code.

9 (b) For purposes of this Section, "qualified wages":

10 (1) includes only wages that are subject to federal
11 unemployment tax under Section 3306 of the Internal Revenue
12 Code, without regard to any dollar limitation contained in
13 that Section;

14 (2) does not include any amounts paid or incurred by an
15 employer for any period to any qualified ex-offender for
16 whom the employer receives federally funded payments for
17 on-the-job training of that qualified ex-offender for that
18 period; and

19 (3) includes only wages attributable to service
20 rendered during the one-year period beginning with the day
21 the qualified ex-offender begins work for the employer.

22 If the taxpayer has received any payment from a program
23 established under Section 482(e)(1) of the federal Social
24 Security Act with respect to a qualified ex-offender, then, for
25 purposes of calculating the credit under this Section, the
26 amount of the qualified wages paid to that qualified

1 ex-offender must be reduced by the amount of the payment.

2 (c) For purposes of this Section, "qualified ex-offender"
3 means any person who:

4 (1) has been convicted of a crime in this State or of
5 an offense in any other jurisdiction, not including any
6 offense or attempted offense that would subject a person to
7 registration under the Sex Offender Registration Act;

8 (2) was sentenced to a period of incarceration in an
9 Illinois adult correctional center; and

10 (3) was hired by the taxpayer within 5 ~~3~~ years after
11 being released from an Illinois adult correctional center.

12 (d) In no event shall a credit under this Section reduce
13 the taxpayer's liability to less than zero. If the amount of
14 the credit exceeds the tax liability for the year, the excess
15 may be carried forward and applied to the tax liability of the
16 5 taxable years following the excess credit year. The tax
17 credit shall be applied to the earliest year for which there is
18 a tax liability. If there are credits for more than one year
19 that are available to offset a liability, the earlier credit
20 shall be applied first.

21 (e) This Section is exempt from the provisions of Section
22 250.

23 (Source: P.A. 98-165, eff. 8-5-13.)

24 Section 105. The Small Business Job Creation Tax Credit Act
25 is amended by changing Sections 25 and 30 as follows:

1 (35 ILCS 25/25)

2 Sec. 25. Tax credit.

3 (a) Subject to the conditions set forth in this Act, an
4 applicant is entitled to a credit against payment of taxes
5 withheld under Section 704A of the Illinois Income Tax Act:

6 (1) for new employees who participated as
7 worker-trainees in the Put Illinois to Work Program during
8 2010:

9 (A) in the first calendar year ending on or after
10 the date that is 6 months after December 31, 2010, or
11 the date of hire, whichever is later. Under this
12 subparagraph, the applicant is entitled to one-half of
13 the credit allowable for each new employee who is
14 employed for at least 6 months after the date of hire;
15 and

16 (B) in the first calendar year ending on or after
17 the date that is 12 months after December 31, 2010, or
18 the date of hire, whichever is later. Under this
19 subparagraph, the applicant is entitled to one-half of
20 the credit allowable for each new employee who is
21 employed for at least 12 months after the date of hire;

22 (2) for all other new employees, in the first calendar
23 year ending on or after the date that is 12 months after
24 the date of hire of a new employee. The credit shall be
25 allowed as a credit to an applicant for each full-time

1 employee hired during the incentive period that results in
2 a net increase in full-time Illinois employees, where the
3 net increase in the employer's full-time Illinois
4 employees is maintained for at least 12 months.

5 (b) The Department shall make credit awards under this Act
6 to further job creation.

7 (c) The credit shall be claimed for the first calendar year
8 ending on or after the date on which the certificate is issued
9 by the Department.

10 (d) The credit shall not exceed \$2,500 per new employee
11 hired; however, businesses operating within HOPE Zones under
12 the Community Renewal and Revitalization Act shall be allowed a
13 credit up to \$5,000 per new employee hired.

14 (e) The net increase in full-time Illinois employees,
15 measured on an annual full-time equivalent basis, shall be the
16 total number of full-time Illinois employees of the applicant
17 on the final day of the incentive period, minus the number of
18 full-time Illinois employees employed by the employer on the
19 first day of that same incentive period. For purposes of the
20 calculation, an employer that begins doing business in this
21 State during the incentive period, as determined by the
22 Director, shall be treated as having zero Illinois employees on
23 the first day of the incentive period.

24 (f) The net increase in the number of full-time Illinois
25 employees of the applicant under subsection (e) must be
26 sustained continuously for at least 12 months, starting with

1 the date of hire of a new employee during the incentive period.
2 Eligibility for the credit does not depend on the continuous
3 employment of any particular individual. For purposes of this
4 subsection (f), if a new employee ceases to be employed before
5 the completion of the 12-month period for any reason, the net
6 increase in the number of full-time Illinois employees shall be
7 treated as continuous if a different new employee is hired as a
8 replacement within a reasonable time for the same position.

9 (g) The Department shall promulgate rules to enable an
10 applicant for which a PEO has been contracted to issue W-2s and
11 make payment of taxes withheld under Section 704A of the
12 Illinois Income Tax Act for new employees to retain the benefit
13 of tax credits to which the applicant is otherwise entitled
14 under this Act.

15 (Source: P.A. 96-888, eff. 4-13-10; 96-1498, eff. 1-18-11;
16 97-636, eff. 6-1-12; 97-1052, eff. 8-23-12.)

17 (35 ILCS 25/30)

18 Sec. 30. Maximum amount of credits allowed. The Department
19 shall limit the monetary amount of credits awarded under this
20 Act to no more than \$100,000,000 ~~\$50,000,000~~. If applications
21 for a greater amount are received, credits shall be allowed on
22 a first-come-first-served basis, based on the date on which
23 each properly completed application for a certificate of
24 eligibility is received by the Department. If more than one
25 certificate of eligibility is received on the same day, the

1 credits will be awarded based on the time of submission for
2 that particular day.

3 (Source: P.A. 96-888, eff. 4-13-10.)