



Rep. Mark L. Walker

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LRB101 05873 HLH 58336 a

1 AMENDMENT TO HOUSE BILL 3318

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 3318 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Income Tax Act is amended by  
5 adding Section 229 as follows:

6 (35 ILCS 5/229 new)

7 Sec. 229. Venture capital investment credit.

8 (a) Definitions. As used in this Section:

9 "Certified investment fund manager" means a business that  
10 is certified under subsection (e).

11 "Claimant" means an individual who files a claim for credit  
12 under this Section.

13 "Department" means the Department of Commerce and Economic  
14 Opportunity, unless otherwise specifically provided.

15 "Equity investment" means a purchase of an equity interest,  
16 or any other investment expenditure, in a qualified new

1 business venture either directly or through a certified  
2 investment fund manager as determined by subsection (e).

3 "Qualified new business venture" means a business that is  
4 certified under subsection (d).

5 (b) Filing claims for credit. For taxable years beginning  
6 on or after January 1, 2020 and beginning prior to January 1,  
7 2025, a claimant may claim as a credit against the tax imposed  
8 under subsections (a) and (b) of Section 201 of this Act an  
9 amount equal to 25% of the claimant's equity investment made  
10 directly to a qualified new business venture in the taxable  
11 year, or made to a certified fund manager if the fund manager  
12 invests in a business certified under subsection (d).

13 (c) Limitations.

14 (1) The maximum amount of the credits that may be  
15 claimed under this Section for all taxable years combined  
16 is \$50,000,000.

17 (2) The maximum amount of a claimant's investment that  
18 may be used as the basis for a credit under this Section is  
19 \$500,000 for each investment made directly to a business  
20 certified under subsection (d).

21 (3) If an investment for which a claimant claims a  
22 credit under subsection (b) is held by the claimant for  
23 less than one year, then the claimant shall pay to the  
24 Department of Revenue, in the manner prescribed by the  
25 Department of Revenue, the amount of the credit that the  
26 claimant received related to the investment.

1           (4) Any credit allowed under this Section that is  
2           unused in the year the credit is earned may be carried  
3           forward to each of the 5 taxable years following the year  
4           for which the credit is first computed until it is used.  
5           This credit shall be applied first to the earliest year for  
6           which there is a liability. If there is a credit under this  
7           Section from more than one tax year that is available to  
8           offset a liability, then the earliest credit arising under  
9           this Section shall be applied first.

10           (5) For partners, shareholders of Subchapter S  
11           corporations, and owners of limited liability companies,  
12           if the liability company is treated as a partnership for  
13           purposes of federal and State income taxation, there shall  
14           be allowed a credit under this Section to be determined in  
15           accordance with the determination of income and  
16           distributive share of income under Sections 702 and 704 and  
17           Subchapter S of the Internal Revenue Code.

18           (d) Qualified new business ventures. The Department shall  
19           implement a program to certify businesses for purposes of this  
20           credit. A business desiring certification shall submit an  
21           application to the Department in each taxable year for which  
22           the business desires certification. Unless otherwise provided  
23           under the rules of the Department, a business may be certified  
24           under this subsection and may maintain that certification only  
25           if the business satisfies all of the following conditions:

26           (1) it has its headquarters in this State;

1           (2) at least 51% of the employees employed by the  
2           business are employed in this State;

3           (3) it is engaged in manufacturing, agriculture, or  
4           processing or assembling products and conducting research  
5           and development or developing a new product or business  
6           process;

7           (4) it is not engaged in real estate development,  
8           insurance, banking, lending, lobbying, political  
9           consulting, professional services provided by attorneys,  
10           accountants, business consultants, physicians, or health  
11           care consultants, wholesale or retail trade, leisure,  
12           hospitality, transportation, or construction;

13           (5) it has fewer than 100 employees;

14           (6) it has been in operation in this State for not more  
15           than 7 consecutive years; and

16           (7) it has not received more than \$1,000,000 in  
17           investments that have qualified for tax credits under this  
18           Section.

19           The Department shall maintain a list of certified  
20           businesses and shall permit public access to the lists through  
21           the Department's Internet website.

22           (e) Certified investment fund managers. The Department  
23           shall implement a program to certify investment fund managers  
24           for purposes of this Section. An investment fund manager  
25           desiring certification shall submit an application to the  
26           Department. In determining whether to certify an investment

1 fund manager, the Department shall consider the investment fund  
2 manager's experience in managing venture capital funds, the  
3 past performance of investment funds managed by the applicant,  
4 the expected level of investment in the investment fund to be  
5 managed by the applicant, and any other relevant factors. The  
6 Department may certify only investment fund managers that  
7 commit to placing investments in businesses certified under  
8 subsection (d). The Department shall maintain a list of  
9 certified investment fund managers and shall permit public  
10 access to the lists through the Department's Internet website.

11 (f) The Department shall issue a credit certificate that  
12 must be attached to the taxpayer's return. The certificate must  
13 include the expiration date.

14 (g) Annual report. Annually, no later than February 1, the  
15 Department shall submit a report to the General Assembly for  
16 distribution to legislators, listing all of the following  
17 information:

18 (1) the total amount of tax credits claimed under this  
19 Section;

20 (2) the name of each business in which investments  
21 qualifying for those tax credits were made, the amount of  
22 the tax credits, and the amount of the investment; and

23 (3) any other information the Department considers  
24 reasonable to include.

25 (h) Rules. The Department, in consultation with the  
26 Department of Revenue, shall adopt rules to administer this

1 Section.".