

HB4054



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB4054

Introduced 1/13/2020, by Rep. Michael Halpin

SYNOPSIS AS INTRODUCED:

35 ILCS 31/20

Amends the Historic Preservation Tax Credit Act. Provides that the State Historic Preservation Office may not award more than \$45,000,000 (currently, \$15,000,000) in total annual tax credits under the Act.

LRB101 12853 HLH 61688 b

FISCAL NOTE ACT
MAY APPLY

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 Historic Preservation Tax Credit Act is
5 amended by changing Section 20 as follows:

6 (35 ILCS 31/20)

7 Sec. 20. Limitations, reporting, and monitoring.

8 (a) The Division shall award not more than an aggregate of
9 \$45,000,000 ~~\$15,000,000~~ in total annual tax credits pursuant to
10 qualified rehabilitation plans for qualified historic
11 structures. The Division shall award not more than \$3,000,000
12 in tax credits with regard to a single qualified rehabilitation
13 plan. In awarding tax credits under this Act, the Division must
14 prioritize projects that meet one or more of the following:

15 (1) the qualified historic structure is located in a
16 county that borders a State with a historic property
17 rehabilitation credit;

18 (2) the qualified historic structure was previously
19 owned by a federal, state, or local governmental entity;

20 (3) the qualified historic structure is located in a
21 census tract that has a median family income at or below
22 the State median family income; data from the most recent
23 5-year estimate from the American Community Survey (ACS),

1 published by the U.S. Census Bureau, shall be used to
2 determine eligibility;

3 (4) the qualified rehabilitation plan includes in the
4 development partnership a Community Development Entity or
5 a low-profit (B Corporation) or not-for-profit
6 organization, as defined by Section 501(c)(3) of the
7 Internal Revenue Code; or

8 (5) the qualified historic structure is located in an
9 area declared under an Emergency Declaration or Major
10 Disaster Declaration under the federal Robert T. Stafford
11 Disaster Relief and Emergency Assistance Act.

12 (b) The annual aggregate program allocation of \$45,000,000
13 ~~\$15,000,000~~ set forth in subsection (a) shall be allocated by
14 the Division, in such proportion as determined by the
15 Department, on a per calendar basis twice in each year that the
16 program is in effect, provided that: (i) the amount initially
17 allocated by the Division for any one calendar application
18 period shall not exceed 65% of the total allowable amount and
19 (ii) any portion of the allocated allowable amount remaining
20 unused as of the end of any of the second calendar application
21 period of a given calendar year shall be rolled into and added
22 to the total allocated amount for the next available calendar
23 year. The qualified rehabilitation plan must meet a readiness
24 test, as defined in the rules created by the Division, in order
25 for the Applicant to qualify. Applicants that qualify under
26 this Act will be placed in a queue based on the date and time

1 the application is received until such time as the application
2 period total allowable amount is reached. Applicants must
3 reapply for each application period.

4 (c) On or before December 31, 2019, and on or before
5 December 31 of each odd-numbered year thereafter through 2023,
6 subject to appropriation and prior to equal disbursement to the
7 Division, moneys in the Historic Property Administrative Fund
8 shall be used, beginning at the end of the first fiscal year
9 after the effective date of this Act, to hire a qualified third
10 party to prepare a biennial report to assess the overall
11 effectiveness of this Act from the qualified rehabilitation
12 projects under this Act completed in that year and in previous
13 years. Baseline data of the metrics in the report shall be
14 collected at the initiation of a qualified rehabilitation
15 project. The overall economic impact shall include at least:

16 (1) the number of applications, project locations, and
17 proposed use of qualified historic structures;

18 (2) the amount of credits awarded and the number and
19 location of projects receiving credit allocations;

20 (3) the status of ongoing projects and projected
21 qualifying expenditures for ongoing projects;

22 (4) for completed projects, the total amount of
23 qualifying rehabilitation expenditures and non-qualifying
24 expenditures, the number of housing units created and the
25 number of housing units that qualify as affordable, and the
26 total square footage rehabilitated and developed;

1 (5) direct, indirect, and induced economic impacts;

2 (6) temporary, permanent, and construction jobs
3 created; and

4 (7) sales, income, and property tax generation before
5 construction, during construction, and after completion.

6 The report to the General Assembly shall be filed with the
7 Clerk of the House of Representatives and the Secretary of the
8 Senate in electronic form only, in the manner that the Clerk
9 and the Secretary shall direct.

10 (d) Any time prior to issuance of a tax credit certificate,
11 the Director of the Division, the State Historic Preservation
12 Officer, or staff of the Division may, upon reasonable notice
13 to the project owner of not less than 3 business days, conduct
14 a site visit to the project to inspect and evaluate the
15 project.

16 (e) Any time prior to the issuance of a tax credit
17 certificate and for a period of 4 years following the effective
18 date of a project tax credit certificate, the Director may,
19 upon reasonable notice of not less than 30 calendar days,
20 request a status report from the Applicant consisting of
21 information and updates relevant to the status of the project.
22 Status reports shall not be requested more than twice yearly.

23 (f) In order to demonstrate sufficient evidence of
24 reviewable progress within 12 months after the date the
25 Applicant received notification of approval from the Division,
26 the Applicant shall provide all of the following:

1 (1) a viable financial plan which demonstrates by way
2 of an executed agreement that all financing has been
3 secured for the project; such financing shall include, but
4 not be limited to, equity investment as demonstrated by
5 letters of commitment from the owner of the property,
6 investment partners, and equity investors;

7 (2) final construction drawings or approved building
8 permits that demonstrate the complete rehabilitation of
9 the full scope of the application; and

10 (3) all historic approvals, including all federal and
11 State rehabilitation documents required by the Division.

12 The Director shall review the submitted evidence and may
13 request additional documentation from the Applicant if
14 necessary. The Applicant will have 30 calendar days to provide
15 the information requested, otherwise the approval may be
16 rescinded at the discretion of the Director.

17 (g) In order to demonstrate sufficient evidence of
18 reviewable progress within 18 months after the date the
19 application received notification of approval from the
20 Division, the Applicant is required to provide detailed
21 evidence that the Applicant has secured and closed on financing
22 for the complete scope of rehabilitation for the project. To
23 demonstrate evidence that the Applicant has secured and closed
24 on financing, the Applicant will need to provide signed and
25 processed loan agreements, bank financing documents or other
26 legal and contractual evidence to demonstrate that adequate

1 financing is available to complete the project. The Director
2 shall review the submitted evidence and may request additional
3 documentation from the Applicant if necessary. The Applicant
4 will have 30 calendar days to provide the information
5 requested, otherwise the approval may be rescinded at the
6 discretion of the Director.

7 If the Applicant fails to document reviewable progress
8 within 18 months of approval, the Director may notify the
9 Applicant that the application is rescinded. However, should
10 financing and construction be imminent, the Director may elect
11 to grant the Applicant no more than 5 months to close on
12 financing and commence construction. If the Applicant fails to
13 meet these conditions in the required timeframe, the Director
14 shall notify the Applicant that the application is rescinded.
15 Any such rescinded allocation shall be added to the aggregate
16 amount of credits available for allocation for the year in
17 which the forfeiture occurred.

18 The amount of the qualified expenditures identified in the
19 Applicant's certification of completion and reflected on the
20 Historic Preservation Tax Credit certificate issued by the
21 Director is subject to inspection, examination, and audit by
22 the Department of Revenue.

23 The Applicant shall establish and maintain for a period of
24 4 years following the effective date on a project tax credit
25 certificate such records as required by the Director. Such
26 records include, but are not limited to, records documenting

1 project expenditures and compliance with the U.S. Secretary of
2 the Interior's Standards. The Applicant shall make such records
3 available for review and verification by the Director, the
4 State Historic Preservation Officer, the Department of
5 Revenue, or appropriate staff, as well as other appropriate
6 State agencies. In the event the Director determines an
7 Applicant has submitted an annual report containing erroneous
8 information or data not supported by records established and
9 maintained under this Act, the Director may, after providing
10 notice, require the Applicant to resubmit corrected reports.
11 (Source: P.A. 100-629, eff. 1-1-19.)