



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB1967

Introduced 2/17/2021, by Rep. Mark L. Walker

SYNOPSIS AS INTRODUCED:

20 ILCS 605/605-470 new
20 ILCS 655/5.4 from Ch. 67 1/2, par. 609
20 ILCS 655/8.1
30 ILCS 265/10
30 ILCS 265/11
30 ILCS 265/20
35 ILCS 5/220
35 ILCS 5/232 new

Amends the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois. Provides that the Department of Commerce and Economic Opportunity shall provide on its website a central repository for new and existing businesses with specified business-related content. Amends the Illinois Enterprise Zone Act. Contains provisions concerning certification and decertification of Enterprise Zones. Amends the Illinois Income Tax Act. Makes changes concerning the angel investment credit. Provides for a credit for taxpayers who hire full-time employees to fill positions at a location in a county with fewer than 250,000 inhabitants. Amends the Technology Development Act. Removes a provision limiting investment in funds created by an Illinois venture capital firm. Provides that distributions from a TDA II-Recipient Fund, in an amount not to exceed the commitment amount and total distributions received, may be reinvested into a specified account without being counted against the 5% cap. Provides that specified moneys in the Technology Development Fund may be provided as grants to technology businesses in order to foster, accelerate, and scale technology innovation in Illinois. Modifies the term "technology business" to expand the meaning of technology oriented or emerging activity. Makes conforming changes. Effective immediately.

LRB102 12691 HLH 18030 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

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

4 Section 5. The Department of Commerce and Economic
5 Opportunity Law of the Civil Administrative Code of Illinois
6 is amended by adding Section 605-470 as follows:

7 (20 ILCS 605/605-470 new)

8 Sec. 605-470. Online central repository. The Department
9 shall provide on its website a central repository for new and
10 existing businesses that shall contain all permitting,
11 licensing, and registration forms and documents needed to
12 conduct business in Illinois, as well as content about how to
13 start a business, industry-specific programming, connections
14 to mentors, and referrals to investors. When submitting
15 applications for tax credits administered by the Department,
16 applicants may choose to allow the Department to share their
17 contact information on the central repository. The Department
18 may adopt rules necessary to implement this Section.

19 Section 10. The Illinois Enterprise Zone Act is amended by
20 changing Sections 5.4 and 8.1 as follows:

21 (20 ILCS 655/5.4) (from Ch. 67 1/2, par. 609)

1 Sec. 5.4. Amendment and Decertification of Enterprise
2 Zones.

3 (a) The terms of a certified enterprise zone designating
4 ordinance may be amended to

5 (i) alter the boundaries of the Enterprise Zone, or

6 (ii) expand, limit or repeal tax incentives or
7 benefits provided in the ordinance, or

8 (iii) alter the termination date of the zone, or

9 (iv) make technical corrections in the enterprise zone
10 designating ordinance; but such amendment shall not be
11 effective unless the Department issues an amended
12 certificate for the Enterprise Zone, approving the amended
13 designating ordinance. Upon the adoption of any ordinance
14 amending or repealing the terms of a certified enterprise
15 zone designating ordinance, the municipality or county
16 shall promptly file with the Department an application for
17 approval thereof, containing substantially the same
18 information as required for an application under Section
19 5.1 insofar as material to the proposed changes. The
20 municipality or county must hold a public hearing on the
21 proposed changes as specified in Section 5 and, if the
22 amendment is to effectuate the limitation of tax
23 abatements under Section 5.4.1, then the public notice of
24 the hearing shall state that property that is in both the
25 enterprise zone and a redevelopment project area may not
26 receive tax abatements unless within 60 days after the

1 adoption of the amendment to the designating ordinance the
2 municipality has determined that eligibility for tax
3 abatements has been established,

4 (v) include an area within another municipality or
5 county as part of the designated enterprise zone provided
6 the requirements of Section 4 are complied with, or

7 (vi) effectuate the limitation of tax abatements under
8 Section 5.4.1.

9 (b) The Department shall approve or disapprove a proposed
10 amendment to a certified enterprise zone within 90 days of its
11 receipt of the application from the municipality or county.
12 The Department may not approve changes in a Zone which are not
13 in conformity with this Act, as now or hereafter amended, or
14 with other applicable laws. If the Department issues an
15 amended certificate for an Enterprise Zone, the amended
16 certificate, together with the amended zone designating
17 ordinance, shall be filed, recorded and transmitted as
18 provided in Section 5.3.

19 (c) An Enterprise Zone may be decertified by joint action
20 of the Department and the designating county or municipality
21 in accordance with this Section. The designating county or
22 municipality shall conduct at least one public hearing within
23 the zone prior to its adoption of an ordinance of
24 de-designation. The mayor of the designating municipality or
25 the chairman of the county board of the designating county
26 shall execute a joint decertification agreement with the

1 Department. A decertification of an Enterprise Zone shall not
2 become effective until at least 6 months after the execution
3 of the decertification agreement, which shall be filed in the
4 office of the Secretary of State.

5 (d) An Enterprise Zone may be decertified for cause by the
6 Department in accordance with this Section. Prior to
7 decertification: (1) the Department shall notify the chief
8 elected official of the designating county or municipality in
9 writing of the specific deficiencies which provide cause for
10 decertification; (2) the Department shall place the
11 designating county or municipality on probationary status for
12 at least 6 months during which time corrective action may be
13 achieved in the enterprise zone by the designating county or
14 municipality; and, (3) the Department shall conduct at least
15 one public hearing within the zone. If such corrective action
16 is not achieved during the probationary period, the Department
17 shall issue an amended certificate signed by the Director of
18 the Department decertifying the enterprise zone, which
19 certificate shall be filed in the office of the Secretary of
20 State. A certified copy of the amended enterprise zone
21 certificate, or a duplicate original thereof, shall be
22 recorded in the office of recorder of the county in which the
23 enterprise zone lies, and shall be provided to the chief
24 elected official of the designating county or municipality.
25 Decertification of an Enterprise Zone shall not become
26 effective until 60 days after the date of filing.

1 (d-5) The Department shall decertify any Enterprise Zone
2 that fails to report any capital investment, job creation or
3 retention, or State tax expenditures for 3 consecutive
4 calendar years. Prior to decertification: (1) the Department
5 shall notify the chief elected official of the designating
6 county or municipality in writing of the specific deficiencies
7 which provide cause for decertification; (2) the Department
8 shall place the designating county or municipality on
9 probationary status for at least 6 months during which time
10 corrective action may be achieved in the Enterprise Zone by
11 the designating county or municipality; and (3) the Department
12 shall conduct at least one public hearing within the Zone. If
13 such corrective action is not achieved during the probationary
14 period, the Department shall issue an amended certificate
15 signed by the Director of the Department decertifying the
16 Enterprise Zone as of the scheduled termination date of the
17 then-current designation. If the decertified Zone was approved
18 and designated after the 102nd General Assembly and has been
19 in existence for less than 15 years, such Zone shall not be
20 eligible for an additional 10-year designation after the
21 expiration date of the original Zone set forth in subsection
22 (c) of Section 5.3. Further, if such corrective action is not
23 achieved during the probationary period provided for in this
24 Section, following such probationary period the Zone becomes
25 available for a different area to compete for designation.

26 (e) In the event of a decertification, or an amendment

1 reducing the length of the term or the area of an Enterprise
2 Zone or the adoption of an ordinance reducing or eliminating
3 tax benefits in an Enterprise Zone, all benefits previously
4 extended within the Zone pursuant to this Act or pursuant to
5 any other Illinois law providing benefits specifically to or
6 within Enterprise Zones shall remain in effect for the
7 original stated term of the Enterprise Zone, with respect to
8 business enterprises within the Zone on the effective date of
9 such decertification or amendment, and with respect to
10 individuals participating in urban homestead programs under
11 this Act.

12 (f) Except as otherwise provided in Section 5.4.1, with
13 respect to business enterprises (or expansions thereof) which
14 are proposed or under development within a Zone at the time of
15 a decertification or an amendment reducing the length of the
16 term of the Zone, or excluding from the Zone area the site of
17 the proposed enterprise, or an ordinance reducing or
18 eliminating tax benefits in a Zone, such business enterprise
19 shall be entitled to the benefits previously applicable within
20 the Zone for the original stated term of the Zone, if the
21 business enterprise establishes:

22 (i) that the proposed business enterprise or expansion
23 has been committed to be located within the Zone;

24 (ii) that substantial and binding financial
25 obligations have been made towards the development of such
26 enterprise; and

1 (iii) that such commitments have been made in
2 reasonable reliance on the benefits and programs which
3 were to have been applicable to the enterprise by reason
4 of the Zone, including in the case of a reduction in term
5 of a zone, the original length of the term.

6 In declaratory judgment actions under this paragraph, the
7 Department and the designating municipality or county shall be
8 necessary parties defendant.

9 (Source: P.A. 90-258, eff. 7-30-97.)

10 (20 ILCS 655/8.1)

11 Sec. 8.1. Accounting.

12 (a) Any business receiving tax incentives due to its
13 location within an Enterprise Zone or its designation as a
14 High Impact Business must annually report to the Department of
15 Revenue information reasonably required by the Department of
16 Revenue to enable the Department to verify and calculate the
17 total Enterprise Zone or High Impact Business tax benefits for
18 property taxes and taxes imposed by the State that are
19 received by the business, broken down by incentive category
20 and enterprise zone, if applicable. Reports will be due no
21 later than May 31 of each year and shall cover the previous
22 calendar year. The first report will be for the 2012 calendar
23 year and will be due no later than May 31, 2013. Failure to
24 report data may result in ineligibility to receive incentives.
25 To the extent that a business receiving tax incentives has

1 obtained an Enterprise Zone Building Materials Exemption
2 Certificate or a High Impact Business Building Materials
3 Exemption Certificate, that business is required to report
4 those building materials exemption benefits only under
5 subsection (a-5) of this Section. No additional reporting for
6 those building materials exemption benefits is required under
7 this subsection (a). In addition, if the Department determines
8 that 60% or more of the businesses receiving tax incentives
9 because of their location within a particular Enterprise Zone
10 failed to submit the information required under this
11 subsection (a) to the Department in any calendar year, then
12 the Enterprise Zone may be decertified by the Department. The
13 Department, in consultation with the Department of Revenue, is
14 authorized to adopt rules governing ineligibility to receive
15 exemptions, including the length of ineligibility. Factors to
16 be considered in determining whether a business is ineligible
17 shall include, but are not limited to, prior compliance with
18 the reporting requirements, cooperation in discontinuing and
19 correcting violations, the extent of the violation, and
20 whether the violation was willful or inadvertent.

21 (a-5) Each contractor or other entity that has been issued
22 an Enterprise Zone Building Materials Exemption Certificate
23 under Section 5k of the Retailers' Occupation Tax Act or a High
24 Impact Business Building Materials Exemption Certificate under
25 Section 5l of the Retailers' Occupation Tax Act shall annually
26 report to the Department of Revenue the total value of the

1 Enterprise Zone or High Impact Business building materials
2 exemption from State taxes. Reports shall contain information
3 reasonably required by the Department of Revenue to enable it
4 to verify and calculate the total tax benefits for taxes
5 imposed by the State, and shall be broken down by Enterprise
6 Zone. Reports are due no later than May 31 of each year and
7 shall cover the previous calendar year. The first report will
8 be for the 2013 calendar year and will be due no later than May
9 31, 2014. Failure to report data may result in revocation of
10 the Enterprise Zone Building Materials Exemption Certificate
11 or High Impact Business Building Materials Exemption
12 Certificate issued to the contractor or other entity.

13 The Department of Revenue is authorized to adopt rules
14 governing revocation determinations, including the length of
15 revocation. Factors to be considered in revocations shall
16 include, but are not limited to, prior compliance with the
17 reporting requirements, cooperation in discontinuing and
18 correcting violations, and whether the certificate was used
19 unlawfully during the preceding year.

20 (b) Each person required to file a return under the Gas
21 Revenue Tax Act, the Gas Use Tax Act, the Electricity Excise
22 Tax Act, or the Telecommunications Excise Tax Act shall file,
23 on or before May 31 of each year, a report with the Department
24 of Revenue, in the manner and form required by the Department
25 of Revenue, containing information reasonably required by the
26 Department of Revenue to enable the Department of Revenue to

1 calculate the amount of the deduction for taxes imposed by the
2 State that is taken under each Act, respectively, due to the
3 location of a business in an Enterprise Zone or its
4 designation as a High Impact Business. The report shall be
5 itemized by business and the business location address.

6 (c) Employers shall report their job creation, retention,
7 and capital investment numbers within the zone annually to the
8 Department of Revenue no later than May 31 of each calendar
9 year. High Impact Businesses shall report their job creation,
10 retention, and capital investment numbers to the Department of
11 Revenue no later than May 31 of each year.

12 (d) The Department of Revenue will aggregate and collect
13 the tax, job, and capital investment data by Enterprise Zone
14 and High Impact Business and report this information,
15 formatted to exclude company-specific proprietary information,
16 to the Department and the Board by August 1, 2013, and by
17 August 1 of every calendar year thereafter. The Department
18 will include this information in their required reports under
19 Section 6 of this Act. The Board shall consider this
20 information during the reviews required under subsection (d-5)
21 of Section 5.4 of this Act and subsection (c) of Section 5.3 of
22 this Act.

23 (e) The Department of Revenue, in its discretion, may
24 require that the reports filed under this Section be submitted
25 electronically.

26 (f) The Department of Revenue shall have the authority to

1 adopt rules as are reasonable and necessary to implement the
2 provisions of this Section.

3 (Source: P.A. 97-905, eff. 8-7-12; 98-109, eff. 7-25-13.)

4 Section 15. The Technology Development Act is amended by
5 changing Sections 10, 11, and 20 as follows:

6 (30 ILCS 265/10)

7 Sec. 10. Technology Development Account.

8 (a) The State Treasurer may segregate a portion of the
9 Treasurer's investment portfolio, that at no time shall be
10 greater than 1% of the portfolio, in the Technology
11 Development Account, an account that shall be maintained
12 separately and apart from other moneys invested by the
13 Treasurer. The Treasurer may make investments from the Account
14 that help attract, assist, and retain quality technology
15 businesses in Illinois. The earnings on the Account shall be
16 accounted for separately from other investments made by the
17 Treasurer.

18 (b) Moneys in the Account may be invested by the State
19 Treasurer to provide venture capital to technology businesses
20 seeking to locate, expand, or remain in Illinois by placing
21 money with Illinois venture capital firms for investment by
22 the venture capital firms in technology businesses. "Venture
23 capital", as used in this Act, means equity financing that is
24 provided for starting up, expanding, or relocating a company,

1 or related purposes such as financing for seed capital,
2 research and development, introduction of a product or process
3 into the marketplace, or similar needs requiring risk capital.

4 "Technology business", as used in this Act, means a company
5 that has as its principal function the providing of services
6 including computer, information transfer, communication,
7 distribution, processing, administrative, laboratory,
8 experimental, developmental, technical, testing services,
9 manufacture of goods or materials, the processing of goods or
10 materials by physical or chemical change, computer related
11 activities, robotics, biological or pharmaceutical industrial
12 activity, or technology oriented or emerging ~~industrial~~
13 activity, including, but not limited to, incubators,
14 accelerators, innovation research, technology transfer, and
15 educational programs that provide training, support, and other
16 resources to current and prospective entrepreneurs. "Illinois

17 venture capital firms", as used in this Act, means an entity
18 that has a majority of its employees in Illinois or that has at
19 least one managing partner domiciled in Illinois that has made
20 significant capital investments in Illinois companies and that
21 provides equity financing for starting up or expanding a
22 company, or related purposes such as financing for seed
23 capital, research and development, introduction of a product
24 or process into the marketplace, or similar needs requiring
25 risk capital.

26 (c) Any fund created by an Illinois venture capital firm

1 in which the State Treasurer places money pursuant to this Act
2 shall be required by the State Treasurer to seek investments
3 in technology businesses seeking to locate, expand, or remain
4 in Illinois.

5 (d) (Blank). ~~The investment of the State Treasurer in any~~
6 ~~fund created by an Illinois venture capital firm in which the~~
7 ~~State Treasurer places money pursuant to this Act shall not~~
8 ~~exceed 10% of the total investments in the fund.~~

9 (e) The State Treasurer shall not invest more than
10 one-third of the Technology Development Account in any given
11 calendar year.

12 (f) The Treasurer may deposit no more than 10% of the
13 earnings of the investments in the Technology Development
14 Account into the Technology Development Fund.

15 (Source: P.A. 94-395, eff. 8-1-05.)

16 (30 ILCS 265/11)

17 Sec. 11. Technology Development Account II.

18 (a) Including the amount provided in Section 10 of this
19 Act, the State Treasurer shall segregate a portion of the
20 Treasurer's State investment portfolio, that at no time shall
21 be greater than 5% of the portfolio, in the Technology
22 Development Account IIa ("TDA IIa"), an account that shall be
23 maintained separately and apart from other moneys invested by
24 the Treasurer. Distributions from the investments in TDA IIa
25 may be reinvested into TDA IIa without being counted against

1 the 5% cap. The aggregate investment in TDA IIa and the
2 aggregate commitment of investment capital in a TDA
3 II-Recipient Fund shall at no time be greater than 5% of the
4 State's investment portfolio, which shall be calculated as:
5 (1) the balance at the inception of the State's fiscal year; or
6 (2) the average balance in the immediately preceding 5 fiscal
7 years, whichever number is greater. Distributions from a TDA
8 II-Recipient Fund, in an amount not to exceed the commitment
9 amount and total distributions received, may be reinvested
10 into TDA IIa without being counted against the 5% cap. The
11 Treasurer may make investments from TDA IIa that help attract,
12 assist, and retain quality technology businesses in Illinois.
13 The earnings on TDA IIa shall be accounted for separately from
14 other investments made by the Treasurer.

15 (b) The Treasurer may solicit proposals from entities to
16 manage and be the General Partner of a separate fund
17 ("Technology Development Account IIB" or "TDA IIB") consisting
18 of investments from private sector investors that must invest,
19 at the direction of the general partner, in tandem with TDA IIa
20 in a pro-rata portion. The Treasurer may enter into an
21 agreement with the entity managing TDA IIB to advise on the
22 investment strategy of TDA IIa and TDA IIB (collectively
23 "Technology Development Account II" or "TDA II") and fulfill
24 other mutually agreeable terms. Funds in TDA IIB shall be kept
25 separate and apart from moneys in the State treasury.

26 (c) All or a portion of the moneys in TDA IIa shall be

1 invested by the State Treasurer to provide venture capital to
2 technology businesses, including co-investments, seeking to
3 locate, expand, or remain in Illinois by placing money with
4 Illinois venture capital firms for investment by the venture
5 capital firms in technology businesses. "Venture capital", as
6 used in this Section, means equity financing that is provided
7 for starting up, expanding, or relocating a company, or
8 related purposes such as financing for seed capital, research
9 and development, introduction of a product or process into the
10 marketplace, or similar needs requiring risk capital.
11 "Technology business", as used in this Section, means a
12 company that has as its principal function the providing of
13 services, including computer, information transfer,
14 communication, distribution, processing, administrative,
15 laboratory, experimental, developmental, technical, or testing
16 services; manufacture of goods or materials; the processing of
17 goods or materials by physical or chemical change; computer
18 related activities; robotics, biological, or pharmaceutical
19 industrial activities; or technology-oriented or emerging
20 industrial activity, including, but not limited to,
21 incubators, accelerators, innovation research, technology
22 transfer, and educational programs that provide training,
23 support, and other resources to current and prospective
24 entrepreneurs. "Illinois venture capital firm", as used in
25 this Section, means an entity that: (1) has a majority of its
26 employees in Illinois (more than 50%) or that has at least one

1 general partner or principal domiciled in Illinois, and that
2 (2) provides equity financing for starting up or expanding a
3 company, or related purposes such as financing for seed
4 capital, research and development, introduction of a product
5 or process into the marketplace, or similar needs requiring
6 risk capital. "Illinois venture capital firm" may also mean an
7 entity that has a track record of identifying, evaluating, and
8 investing in Illinois companies and that provides equity
9 financing for starting up or expanding a company, or related
10 purposes such as financing for seed capital, research and
11 development, introduction of a product or process into the
12 marketplace, or similar needs requiring risk capital. For
13 purposes of this Section, "track record" means having made, on
14 average, at least one investment in an Illinois company in
15 each of its funds if the Illinois venture capital firm has
16 multiple funds or at least 2 investments in Illinois companies
17 if the Illinois venture capital firm has only one fund. In no
18 case shall more than 15% of the capital in the TDA IIa be
19 invested in firms based outside of Illinois.

20 (d) Any fund created by an Illinois venture capital firm
21 in which the State Treasurer places money pursuant to this
22 Section shall be required by the State Treasurer to seek
23 investments in technology businesses seeking to locate,
24 expand, or remain in Illinois. Any fund created by an Illinois
25 venture capital firm in which the State Treasurer places money
26 under this Section ("TDA II-Recipient Fund") shall invest a

1 minimum of twice (2x) the aggregate amount of investable
2 capital that is received from the State Treasurer under this
3 Section in Illinois companies during the life of the fund.
4 "Illinois companies", as used in this Section, are companies
5 that are headquartered or that otherwise have a significant
6 presence in the State at the time of initial or follow-on
7 investment. Investable capital is calculated as committed
8 capital, as defined in the firm's applicable fund's governing
9 documents, less related estimated fees and expenses to be
10 incurred during the life of the fund. For the purposes of this
11 subsection (d), "significant presence" means at least one
12 physical office and one full-time employee within the
13 geographic borders of this State.

14 Any TDA II-Recipient Fund shall also invest additional
15 capital in Illinois companies during the life of the fund if,
16 as determined by the fund's manager, the investment:

17 (1) is consistent with the firm's fiduciary
18 responsibility to its limited partners;

19 (2) is consistent with the fund manager's investment
20 strategy; and

21 (3) demonstrates the potential to create risk-adjusted
22 financial returns consistent with the fund manager's
23 investment goals.

24 In addition to any reporting requirements set forth in
25 Section 10 of this Act, any TDA II-Recipient Fund shall report
26 the following additional information to the Treasurer on a

1 quarterly or annual basis, as determined by the Treasurer, for
2 all investments:

3 (1) the names of portfolio companies invested in
4 during the applicable investment period;

5 (2) the addresses of reported portfolio companies;

6 (3) the date of the initial (and follow-on)
7 investment;

8 (4) the cost of the investment;

9 (5) the current fair market value of the investment;

10 (6) for Illinois companies, the number of Illinois
11 employees on the investment date; and

12 (7) for Illinois companies, the current number of
13 Illinois employees.

14 If, as of the earlier to occur of (i) the fourth year of
15 the investment period of any TDA II-Recipient Fund or (ii)
16 when that TDA II-Recipient Fund has drawn more than 60% of the
17 investable capital of all limited partners, that TDA
18 II-Recipient Fund has failed to invest the minimum amount
19 required under this subsection (d) in Illinois companies, then
20 the Treasurer shall deliver written notice to the manager of
21 that fund seeking compliance with the minimum amount
22 requirement under this subsection (d). If, after 180 days of
23 delivery of notice, the TDA II-Recipient Fund has still failed
24 to invest the minimum amount required under this subsection
25 (d) in Illinois companies, then the Treasurer may elect, in
26 writing, to terminate any further commitment to make capital

1 contributions to that fund which otherwise would have been
2 made under this Section.

3 (e) ~~The Notwithstanding the limitation found in subsection~~
4 ~~(d) of Section 10 of this Act, the~~ investment of the State
5 Treasurer in any fund created by an Illinois venture capital
6 firm in which the State Treasurer places money pursuant to
7 this Section shall not exceed 15% of the total TDA IIa account
8 balance.

9 (f) (Blank).

10 (g) The Treasurer may deposit no more than 10% of the
11 earnings of the investments in the Technology Development
12 Account IIa into the Technology Development Fund.

13 (Source: P.A. 100-1081, eff. 8-24-18.)

14 (30 ILCS 265/20)

15 Sec. 20. Technology Development Fund. The Technology
16 Development Fund is created as a special fund outside the
17 State treasury with the State Treasurer as custodian. Moneys
18 in the Fund may be used by the State Treasurer to pay expenses
19 related to investments from the Technology Development
20 Account. Moneys in the Fund in excess of those expenses may be
21 provided as grants to Illinois schools to purchase computers
22 and to upgrade technology, and to technology businesses in
23 order to foster, accelerate, and scale technology innovation
24 in Illinois in support of this Act.

25 (Source: P.A. 94-395, eff. 8-1-05.)

1 Section 20. The Illinois Income Tax Act is amended by
2 changing Section 220 and by adding Sections 232 and 233 as
3 follows:

4 (35 ILCS 5/220)

5 Sec. 220. Angel investment credit.

6 (a) As used in this Section:

7 "Applicant" means a corporation, partnership, limited
8 liability company, or a natural person that makes an
9 investment in a qualified new business venture. The term
10 "applicant" does not include (i) a corporation, partnership,
11 limited liability company, or a natural person who has a
12 direct or indirect ownership interest of at least 33% ~~51%~~ in
13 the profits, capital, or value of the qualified new business
14 venture receiving the investment or (ii) a related member.

15 "Claimant" means an applicant certified by the Department
16 who files a claim for a credit under this Section.

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

19 "Investment" means money (or its equivalent) given to a
20 qualified new business venture, at a risk of loss, in
21 consideration for an equity interest of the qualified new
22 business venture. The Department may adopt rules to permit
23 certain forms of contingent equity investments to be
24 considered eligible for a tax credit under this Section.

1 "Qualified new business venture" means a business that is
2 registered with the Department under this Section.

3 "Related member" means a person that, with respect to the
4 applicant, is any one of the following:

5 (1) An individual, if the individual and the members
6 of the individual's family (as defined in Section 318 of
7 the Internal Revenue Code) own directly, indirectly,
8 beneficially, or constructively, in the aggregate, at
9 least 50% of the value of the outstanding profits,
10 capital, stock, or other ownership interest in the
11 qualified new business venture that is the recipient of
12 the applicant's investment.

13 (2) A partnership, estate, or trust and any partner or
14 beneficiary, if the partnership, estate, or trust and its
15 partners or beneficiaries own directly, indirectly,
16 beneficially, or constructively, in the aggregate, at
17 least 50% of the profits, capital, stock, or other
18 ownership interest in the qualified new business venture
19 that is the recipient of the applicant's investment.

20 (3) A corporation, and any party related to the
21 corporation in a manner that would require an attribution
22 of stock from the corporation under the attribution rules
23 of Section 318 of the Internal Revenue Code, if the
24 applicant and any other related member own, in the
25 aggregate, directly, indirectly, beneficially, or
26 constructively, at least 50% of the value of the

1 outstanding stock of the qualified new business venture
2 that is the recipient of the applicant's investment.

3 (4) A corporation and any party related to that
4 corporation in a manner that would require an attribution
5 of stock from the corporation to the party or from the
6 party to the corporation under the attribution rules of
7 Section 318 of the Internal Revenue Code, if the
8 corporation and all such related parties own, in the
9 aggregate, at least 50% of the profits, capital, stock, or
10 other ownership interest in the qualified new business
11 venture that is the recipient of the applicant's
12 investment.

13 (5) A person to or from whom there is attribution of
14 ownership of stock in the qualified new business venture
15 that is the recipient of the applicant's investment in
16 accordance with Section 1563(e) of the Internal Revenue
17 Code, except that for purposes of determining whether a
18 person is a related member under this paragraph, "20%"
19 shall be substituted for "5%" whenever "5%" appears in
20 Section 1563(e) of the Internal Revenue Code.

21 "Social equity business" means a business that is a
22 qualified social equity applicant, as defined in Section 1-10
23 of the Cannabis Regulation and Tax Act.

24 (b) For taxable years beginning after December 31, 2010,
25 and ending on or before December 31, 2021, subject to the
26 limitations provided in this Section, a claimant may claim, as

1 a credit against the tax imposed under subsections (a) and (b)
2 of Section 201 of this Act, an amount equal to 25% of the
3 claimant's investment made directly in a qualified new
4 business venture. However, if the investment is made in: (1) a
5 qualified new business venture that is minority-owned,
6 women-owned, or is a business owned a person with a disability
7 (as those terms are used and defined in the Business
8 Enterprise for Minorities, Women, and Persons with
9 Disabilities Act); or (2) a qualified new business venture in
10 which the principal place of business is located in a county
11 with a population of not more than 250,000, then the amount of
12 the credit is 35% of the claimant's investment made directly
13 in a qualified new business venture. In order for an
14 investment in a qualified new business venture to be eligible
15 for tax credits, the business must have applied for and
16 received certification under subsection (e) for the taxable
17 year in which the investment was made prior to the date on
18 which the investment was made. The credit under this Section
19 may not exceed the taxpayer's Illinois income tax liability
20 for the taxable year. If the amount of the credit exceeds the
21 tax liability for the year, the excess may be carried forward
22 and applied to the tax liability of the 5 taxable years
23 following the excess credit year. The credit shall be applied
24 to the earliest year for which there is a tax liability. If
25 there are credits from more than one tax year that are
26 available to offset a liability, the earlier credit shall be

1 applied first. In the case of a partnership or Subchapter S
2 Corporation, the credit is allowed to the partners or
3 shareholders in accordance with the determination of income
4 and distributive share of income under Sections 702 and 704
5 and Subchapter S of the Internal Revenue Code.

6 (c) The minimum amount an applicant must invest in any
7 single qualified new business venture in order to be eligible
8 for a credit under this Section is \$10,000. The maximum amount
9 of an applicant's total investment made in any single
10 qualified new business venture that may be used as the basis
11 for a credit under this Section is \$1,000,000 ~~\$2,000,000~~.

12 (d) The Department shall implement a program to certify an
13 applicant for an angel investment credit. Upon satisfactory
14 review, the Department shall issue a tax credit certificate
15 stating the amount of the tax credit to which the applicant is
16 entitled. The Department shall annually certify that: (i) each
17 qualified new business venture that receives an angel
18 investment under this Section has maintained a minimum
19 employment threshold, as defined by rule, in the State (and
20 continues to maintain a minimum employment threshold in the
21 State for a period of no less than 3 years from the issue date
22 of the last tax credit certificate issued by the Department
23 with respect to such business pursuant to this Section); and
24 (ii) the claimant's investment has been made and remains,
25 except in the event of a qualifying liquidity event, in the
26 qualified new business venture for no less than 3 years.

1 If an investment for which a claimant is allowed a credit
2 under subsection (b) is held by the claimant for less than 3
3 years, other than as a result of a permitted sale of the
4 investment to person who is not a related member, the claimant
5 shall pay to the Department of Revenue, in the manner
6 prescribed by the Department of Revenue, the aggregate amount
7 of the disqualified credits that the claimant received related
8 to the subject investment.

9 If the Department determines that a qualified new business
10 venture failed to maintain a minimum employment threshold in
11 the State through the date which is 3 years from the issue date
12 of the last tax credit certificate issued by the Department
13 with respect to the subject business pursuant to this Section,
14 the claimant or claimants shall pay to the Department of
15 Revenue, in the manner prescribed by the Department of
16 Revenue, the aggregate amount of the disqualified credits that
17 claimant or claimants received related to investments in that
18 business.

19 (e) The Department shall implement a program to register
20 qualified new business ventures for purposes of this Section.
21 A business desiring registration under this Section shall be
22 required to submit a full and complete application to the
23 Department. A submitted application shall be effective only
24 for the taxable year in which it is submitted, and a business
25 desiring registration under this Section shall be required to
26 submit a separate application in and for each taxable year for

1 which the business desires registration. Further, if at any
2 time prior to the acceptance of an application for
3 registration under this Section by the Department one or more
4 events occurs which makes the information provided in that
5 application materially false or incomplete (in whole or in
6 part), the business shall promptly notify the Department of
7 the same. Any failure of a business to promptly provide the
8 foregoing information to the Department may, at the discretion
9 of the Department, result in a revocation of a previously
10 approved application for that business, or disqualification of
11 the business from future registration under this Section, or
12 both. The Department may register the business only if all of
13 the following conditions are satisfied:

14 (1) it has its principal place of business in this
15 State;

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

18 (3) the business has the potential for increasing jobs
19 in this State, increasing capital investment in this
20 State, or both, as determined by the Department, and any
21 ~~either~~ of the following apply:

22 (A) it is principally engaged in innovation in any
23 of the following: manufacturing; biotechnology;
24 nanotechnology; communications; agricultural
25 sciences; clean energy creation or storage technology;
26 processing or assembling products, including medical

1 devices, pharmaceuticals, computer software, computer
2 hardware, semiconductors, other innovative technology
3 products, or other products that are produced using
4 manufacturing methods that are enabled by applying
5 proprietary technology; or providing services that are
6 enabled by applying proprietary technology; ~~or~~

7 (B) it is undertaking pre-commercialization
8 activity related to proprietary technology that
9 includes conducting research, developing a new product
10 or business process, or developing a service that is
11 principally reliant on applying proprietary
12 technology; or

13 (C) the business is a social equity business and
14 is engaged in innovation in the field of cannabis
15 cultivation, extraction, processing, distribution,
16 infusion, or dispensing, or is undertaking
17 pre-commercialization activity within the adult use
18 cannabis industry related to proprietary technology
19 that includes conducting research, developing a new
20 product or business process, or developing a service
21 that is principally reliant on applying proprietary
22 technology;

23 (4) it is not principally engaged in real estate
24 development, insurance, banking, lending, lobbying,
25 political consulting, professional services provided by
26 attorneys, accountants, business consultants, physicians,

1 or health care consultants, wholesale or retail trade,
2 leisure, hospitality, transportation, or construction,
3 except construction of power production plants that derive
4 energy from a renewable energy resource, as defined in
5 Section 1 of the Illinois Power Agency Act; however, the
6 restrictions in this Section relating to wholesale or
7 retail trade and transportation shall not apply to social
8 equity businesses;

9 (5) at the time it is first certified:

10 (A) it has fewer than 100 employees;

11 (B) it has been in operation in Illinois for not
12 more than 10 consecutive years prior to the year of
13 certification; and

14 (C) it has received not more than \$5,000,000
15 ~~\$10,000,000~~ in aggregate investments;

16 (5.1) it agrees to maintain a minimum employment
17 threshold in the State of Illinois prior to the date which
18 is 3 years from the issue date of the last tax credit
19 certificate issued by the Department with respect to that
20 business pursuant to this Section;

21 (6) (blank); and

22 (7) it has received not more than \$2,000,000
23 ~~\$4,000,000~~ in investments that qualified for tax credits
24 under this Section.

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

1 aggregate amount of the tax credits that may be claimed under
2 this Section for investments made in qualified new business
3 ventures shall be limited at \$10,000,000 per calendar year, of
4 which \$1,500,000 ~~\$500,000~~ shall be reserved for investments
5 made in qualified new business ventures which are
6 minority-owned businesses, women-owned businesses, or
7 businesses owned by a person with a disability (as those terms
8 are used and defined in the Business Enterprise for
9 Minorities, Women, and Persons with Disabilities Act), and an
10 additional \$1,500,000 ~~\$500,000~~ shall be reserved for
11 investments made in qualified new business ventures with their
12 principal place of business in counties with a population of
13 not more than 250,000. The foregoing annual allowable amounts
14 shall be allocated by the Department, on a per calendar
15 quarter basis and prior to the commencement of each calendar
16 year, in such proportion as determined by the Department,
17 provided that: (i) the amount initially allocated by the
18 Department for any one calendar quarter shall not exceed 35%
19 of the total allowable amount; (ii) any portion of the
20 allocated allowable amount remaining unused as of the end of
21 any of the first 3 calendar quarters of a given calendar year
22 shall be rolled into, and added to, the total allocated amount
23 for the next available calendar quarter; and (iii) the
24 reservation of tax credits for investments in minority-owned
25 businesses, women-owned businesses, businesses owned by a
26 person with a disability, and in businesses in counties with a

1 population of not more than 250,000 is limited to the first 3
2 calendar quarters of a given calendar year, after which they
3 may be claimed by investors in any qualified new business
4 venture.

5 (g) A claimant may not sell or otherwise transfer a credit
6 awarded under this Section to another person.

7 (h) On or before March 1 of each year, the Department shall
8 report to the Governor and to the General Assembly on the tax
9 credit certificates awarded under this Section for the prior
10 calendar year.

11 (1) This report must include, for each tax credit
12 certificate awarded:

13 (A) the name of the claimant and the amount of
14 credit awarded or allocated to that claimant;

15 (B) the name and address (including the county) of
16 the qualified new business venture that received the
17 investment giving rise to the credit, the North
18 American Industry Classification System (NAICS) code
19 applicable to that qualified new business venture, and
20 the number of employees of the qualified new business
21 venture; and

22 (C) the date of approval by the Department of each
23 claimant's tax credit certificate.

24 (2) The report must also include:

25 (A) the total number of applicants and the total
26 number of claimants, including the amount of each tax

1 credit certificate awarded to a claimant under this
2 Section in the prior calendar year;

3 (B) the total number of applications from
4 businesses seeking registration under this Section,
5 the total number of new qualified business ventures
6 registered by the Department, and the aggregate amount
7 of investment upon which tax credit certificates were
8 issued in the prior calendar year; and

9 (C) the total amount of tax credit certificates
10 sought by applicants, the amount of each tax credit
11 certificate issued to a claimant, the aggregate amount
12 of all tax credit certificates issued in the prior
13 calendar year and the aggregate amount of tax credit
14 certificates issued as authorized under this Section
15 for all calendar years.

16 (i) For each business seeking registration under this
17 Section after December 31, 2016, the Department shall require
18 the business to include in its application the North American
19 Industry Classification System (NAICS) code applicable to the
20 business and the number of employees of the business at the
21 time of application. Each business registered by the
22 Department as a qualified new business venture that receives
23 an investment giving rise to the issuance of a tax credit
24 certificate pursuant to this Section shall, for each of the 3
25 years following the issue date of the last tax credit
26 certificate issued by the Department with respect to such

1 business pursuant to this Section, report to the Department
2 the following:

3 (1) the number of employees and the location at which
4 those employees are employed, both as of the end of each
5 year;

6 (2) the amount of additional new capital investment
7 raised as of the end of each year, if any; and

8 (3) the terms of any liquidity event occurring during
9 such year; for the purposes of this Section, a "liquidity
10 event" means any event that would be considered an exit
11 for an illiquid investment, including any event that
12 allows the equity holders of the business (or any material
13 portion thereof) to cash out some or all of their
14 respective equity interests.

15 (Source: P.A. 100-328, eff. 1-1-18; 100-686, eff. 1-1-19;
16 100-863, eff. 8-14-18; 101-81, eff. 7-12-19.)

17 (35 ILCS 5/232 new)

18 Sec. 232. Credit for full-time employees in a county with
19 fewer than 250,000 inhabitants.

20 (a) For taxable years beginning on or after January 1,
21 2021, each taxpayer that hires a full-time employee to fill a
22 position at a location in a county with fewer than 250,000
23 inhabitants is entitled to a credit against the taxes imposed
24 by subsections (a) and (b) of Section 201 of this Act in an
25 amount not to exceed \$5,000 per eligible employee in any

1 taxable year. The credit may be taken for the taxable year in
2 which the employee is hired and for the next taxable year if
3 the employee remains employed with that taxpayer in the next
4 taxable year. The amount of the credit shall be \$5,000 in each
5 taxable year, multiplied by a fraction the numerator of which
6 is the number of days the employee is employed by the taxpayer
7 during the taxable year and the denominator of which is 365.

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

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

25 (d) As used in this Section, "full-time employee" means an
26 individual who is employed for consideration for at least 35

1 hours each week or who renders any other standard of service
2 generally accepted by industry custom or practice as full-time
3 employment. An individual for whom a W-2 is issued by a
4 Professional Employer Organization (PEO) is a full-time
5 employee if employed in the service of the taxpayer for
6 consideration for at least 35 hours each week or who renders
7 any other standard of service generally accepted by industry
8 custom or practice as full-time employment to the taxpayer.

9 (e) This Section is exempt from the provisions of Section
10 250.

11 Section 99. Effective date. This Act takes effect upon
12 becoming law.