

# HB2429



## 102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB2429

Introduced 2/19/2021, by Rep. LaToya Greenwood

### SYNOPSIS AS INTRODUCED:

35 ILCS 5/221

Amends the Illinois Income Tax Act. In provisions creating a credit for rehabilitation costs associated with qualified historic property located in a River Edge Redevelopment Zone, provides that, if the River Edge Redevelopment Zone is located in the City of East St. Louis, then the tax credit applies for taxable years that end prior to January 1, 2027 (currently, January 1, 2022). Effective immediately.

LRB102 14980 HLH 20335 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 Illinois Income Tax Act is amended by  
5 changing Section 221 as follows:

6 (35 ILCS 5/221)

7 Sec. 221. Rehabilitation costs; qualified historic  
8 properties; River Edge Redevelopment Zone.

9 (a) For taxable years that begin on or after January 1,  
10 2012 and begin prior to January 1, 2018, there shall be allowed  
11 a tax credit against the tax imposed by subsections (a) and (b)  
12 of Section 201 of this Act in an amount equal to 25% of  
13 qualified expenditures incurred by a qualified taxpayer during  
14 the taxable year in the restoration and preservation of a  
15 qualified historic structure located in a River Edge  
16 Redevelopment Zone pursuant to a qualified rehabilitation  
17 plan, provided that the total amount of such expenditures (i)  
18 must equal \$5,000 or more and (ii) must exceed 50% of the  
19 purchase price of the property.

20 (a-1) For taxable years that begin on or after January 1,  
21 2018 and end prior to January 1, 2022, there shall be allowed a  
22 tax credit against the tax imposed by subsections (a) and (b)  
23 of Section 201 of this Act in an aggregate amount equal to 25%

1 of qualified expenditures incurred by a qualified taxpayer in  
2 the restoration and preservation of a qualified historic  
3 structure located in a River Edge Redevelopment Zone pursuant  
4 to a qualified rehabilitation plan, provided that the total  
5 amount of such expenditures must (i) equal \$5,000 or more and  
6 (ii) exceed the adjusted basis of the qualified historic  
7 structure on the first day the qualified rehabilitation plan  
8 begins. For any rehabilitation project, regardless of duration  
9 or number of phases, the project's compliance with the  
10 foregoing provisions (i) and (ii) shall be determined based on  
11 the aggregate amount of qualified expenditures for the entire  
12 project and may include expenditures incurred under subsection  
13 (a), this subsection, or both subsection (a) and this  
14 subsection. If the qualified rehabilitation plan spans  
15 multiple years, the aggregate credit for the entire project  
16 shall be allowed in the last taxable year, except for phased  
17 rehabilitation projects, which may receive credits upon  
18 completion of each phase. Before obtaining the first phased  
19 credit: (A) the total amount of such expenditures must meet  
20 the requirements of provisions (i) and (ii) of this  
21 subsection; (B) the rehabilitated portion of the qualified  
22 historic structure must be placed in service; and (C) the  
23 requirements of subsection (b) must be met. Notwithstanding  
24 any other provision of law, if the River Edge Redevelopment  
25 Zone is located in the City of East St. Louis, then the tax  
26 credit under this subsection (a-1) applies for taxable years

1 that end prior to January 1, 2027.

2 (a-2) For taxable years beginning on or after January 1,  
3 2021 and ending prior to January 1, 2022, there shall be  
4 allowed a tax credit against the tax imposed by subsections  
5 (a) and (b) of Section 201 as provided in Section 10-10.3 of  
6 the River Edge Redevelopment Zone Act. The credit allowed  
7 under this subsection (a-2) shall apply only to taxpayers that  
8 make a capital investment of at least \$1,000,000 in a  
9 qualified rehabilitation plan. Notwithstanding any other  
10 provision of law, if the River Edge Redevelopment Zone is  
11 located in the City of East St. Louis, then the tax credit  
12 under this subsection (a-2) applies for taxable years that end  
13 prior to January 1, 2027.

14 The credit or credits may not reduce the taxpayer's  
15 liability to less than zero. If the amount of the credit or  
16 credits exceeds the taxpayer's liability, the excess may be  
17 carried forward and applied against the taxpayer's liability  
18 in succeeding calendar years in the manner provided under  
19 paragraph (4) of Section 211 of this Act. The credit or credits  
20 shall be applied to the earliest year for which there is a tax  
21 liability. If there are credits from more than one taxable  
22 year that are available to offset a liability, the earlier  
23 credit shall be applied first.

24 For partners, shareholders of Subchapter S corporations,  
25 and owners of limited liability companies, if the liability  
26 company is treated as a partnership for the purposes of

1 federal and State income taxation, there shall be allowed a  
2 credit under this Section to be determined in accordance with  
3 the determination of income and distributive share of income  
4 under Sections 702 and 704 and Subchapter S of the Internal  
5 Revenue Code.

6 The total aggregate amount of credits awarded under the  
7 Blue Collar Jobs Act (Article 20 of this amendatory Act of the  
8 101st General Assembly) shall not exceed \$20,000,000 in any  
9 State fiscal year.

10 (b) To obtain a tax credit pursuant to this Section, the  
11 taxpayer must apply with the Department of Natural Resources.  
12 The Department of Natural Resources shall determine the amount  
13 of eligible rehabilitation costs and expenses in addition to  
14 the amount of the River Edge construction jobs credit within  
15 45 days of receipt of a complete application. The taxpayer  
16 must submit a certification of costs prepared by an  
17 independent certified public accountant that certifies (i) the  
18 project expenses, (ii) whether those expenses are qualified  
19 expenditures, and (iii) that the qualified expenditures exceed  
20 the adjusted basis of the qualified historic structure on the  
21 first day the qualified rehabilitation plan commenced. The  
22 Department of Natural Resources is authorized, but not  
23 required, to accept this certification of costs to determine  
24 the amount of qualified expenditures and the amount of the  
25 credit. The Department of Natural Resources shall provide  
26 guidance as to the minimum standards to be followed in the

1 preparation of such certification. The Department of Natural  
2 Resources and the National Park Service shall determine  
3 whether the rehabilitation is consistent with the United  
4 States Secretary of the Interior's Standards for  
5 Rehabilitation.

6 (b-1) Upon completion of the project and approval of the  
7 complete application, the Department of Natural Resources  
8 shall issue a single certificate in the amount of the eligible  
9 credits equal to 25% of qualified expenditures incurred during  
10 the eligible taxable years, as defined in subsections (a) and  
11 (a-1), excepting any credits awarded under subsection (a)  
12 prior to January 1, 2019 (the effective date of Public Act  
13 100-629) and any phased credits issued prior to the eligible  
14 taxable year under subsection (a-1). At the time the  
15 certificate is issued, an issuance fee up to the maximum  
16 amount of 2% of the amount of the credits issued by the  
17 certificate may be collected from the applicant to administer  
18 the provisions of this Section. If collected, this issuance  
19 fee shall be deposited into the Historic Property  
20 Administrative Fund, a special fund created in the State  
21 treasury. Subject to appropriation, moneys in the Historic  
22 Property Administrative Fund shall be provided to the  
23 Department of Natural Resources as reimbursement for the costs  
24 associated with administering this Section.

25 (c) The taxpayer must attach the certificate to the tax  
26 return on which the credits are to be claimed. The tax credit

1 under this Section may not reduce the taxpayer's liability to  
2 less than zero. If the amount of the credit exceeds the tax  
3 liability for the year, the excess credit may be carried  
4 forward and applied to the tax liability of the 5 taxable years  
5 following the excess credit year.

6 (c-1) Subject to appropriation, moneys in the Historic  
7 Property Administrative Fund shall be used, on a biennial  
8 basis beginning at the end of the second fiscal year after  
9 January 1, 2019 (the effective date of Public Act 100-629), to  
10 hire a qualified third party to prepare a biennial report to  
11 assess the overall economic impact to the State from the  
12 qualified rehabilitation projects under this Section completed  
13 in that year and in previous years. The overall economic  
14 impact shall include at least: (1) the direct and indirect or  
15 induced economic impacts of completed projects; (2) temporary,  
16 permanent, and construction jobs created; (3) sales, income,  
17 and property tax generation before, during construction, and  
18 after completion; and (4) indirect neighborhood impact after  
19 completion. The report shall be submitted to the Governor and  
20 the General Assembly. The report to the General Assembly shall  
21 be filed with the Clerk of the House of Representatives and the  
22 Secretary of the Senate in electronic form only, in the manner  
23 that the Clerk and the Secretary shall direct.

24 (c-2) The Department of Natural Resources may adopt rules  
25 to implement this Section in addition to the rules expressly  
26 authorized in this Section.

1 (d) As used in this Section, the following terms have the  
2 following meanings.

3 "Phased rehabilitation" means a project that is completed  
4 in phases, as defined under Section 47 of the federal Internal  
5 Revenue Code and pursuant to National Park Service regulations  
6 at 36 C.F.R. 67.

7 "Placed in service" means the date when the property is  
8 placed in a condition or state of readiness and availability  
9 for a specifically assigned function as defined under Section  
10 47 of the federal Internal Revenue Code and federal Treasury  
11 Regulation Sections 1.46 and 1.48.

12 "Qualified expenditure" means all the costs and expenses  
13 defined as qualified rehabilitation expenditures under Section  
14 47 of the federal Internal Revenue Code that were incurred in  
15 connection with a qualified historic structure.

16 "Qualified historic structure" means a certified historic  
17 structure as defined under Section 47(c)(3) of the federal  
18 Internal Revenue Code.

19 "Qualified rehabilitation plan" means a project that is  
20 approved by the Department of Natural Resources and the  
21 National Park Service as being consistent with the United  
22 States Secretary of the Interior's Standards for  
23 Rehabilitation.

24 "Qualified taxpayer" means the owner of the qualified  
25 historic structure or any other person who qualifies for the  
26 federal rehabilitation credit allowed by Section 47 of the



1 federal Internal Revenue Code with respect to that qualified  
2 historic structure. Partners, shareholders of subchapter S  
3 corporations, and owners of limited liability companies (if  
4 the limited liability company is treated as a partnership for  
5 purposes of federal and State income taxation) are entitled to  
6 a credit under this Section to be determined in accordance  
7 with the determination of income and distributive share of  
8 income under Sections 702 and 703 and subchapter S of the  
9 Internal Revenue Code, provided that credits granted to a  
10 partnership, a limited liability company taxed as a  
11 partnership, or other multiple owners of property shall be  
12 passed through to the partners, members, or owners  
13 respectively on a pro rata basis or pursuant to an executed  
14 agreement among the partners, members, or owners documenting  
15 any alternate distribution method.

16 (Source: P.A. 100-236, eff. 8-18-17; 100-629, eff. 1-1-19;  
17 100-695, eff. 8-3-18; 101-9, eff. 6-5-19; 101-81, eff.  
18 7-12-19.)

19 Section 99. Effective date. This Act takes effect upon  
20 becoming law.