



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB5424

Introduced 2/9/2024, by Rep. Michael J. Coffey, Jr.

SYNOPSIS AS INTRODUCED:

35 ILCS 5/241 new

Amends the Illinois Income Tax Act. Creates an income tax credit for fire equipment distributors that are actively researching and developing alternative fire prevention equipment that contains no perfluoroalkyl or polyfluoroalkyl substances. Provides that the credit is in an amount equal to 75% of the amount expended during the taxable year to actively develop that equipment. Effective immediately.

LRB103 37922 HLH 68054 b

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 adding Section 241 as follows:

6 (35 ILCS 5/241 new)

7 Sec. 241. Fire prevention equipment credit.

8 (a) For taxable years beginning on or after January 1,
9 2025 and beginning before January 1, 2035, each taxpayer that
10 is engaged in business as a fire equipment distributor and
11 that is actively researching and developing alternative fire
12 prevention equipment that contains no perfluoroalkyl or
13 polyfluoroalkyl substances, or PFAS, may apply to the Office
14 for a credit against the taxes imposed by subsections (a) and
15 (b) of Section 201 in an amount equal to 75% of the amount
16 expended by the taxpayer during the taxable year to actively
17 develop that equipment.

18 (b) In no event may the Office award more than \$5,000,000
19 in credits under this Section in any taxable year.

20 (c) In no event shall a credit under this Section reduce a
21 taxpayer's liability to less than zero. If the amount of
22 credit exceeds the tax liability for the year, the excess may
23 be carried forward and applied to the tax liability for the 5

1 taxable years following the excess credit year. The tax credit
2 shall be applied to the earliest year for which there is a tax
3 liability. If there are credits for more than one year that are
4 available to offset liability, the earlier credit shall be
5 applied first.

6 (d) As used in this Section:

7 "Fire equipment distributor" means any person, company, or
8 corporation that services, recharges, hydro-tests, inspects,
9 installs, maintains, alters, repairs, or replaces fire
10 extinguishers, fire suppression devices, or fire suppression
11 systems. "Fire equipment distributor" does not include a
12 person, company, or corporation that works exclusively on
13 water sprinklers or a person, company, or corporation that
14 only hydro-tests cylinders that store extinguishment
15 materials.

16 "Fire prevention equipment" means equipment that is used
17 by a fire department to actively prevent or extinguish fire
18 hazards and that is known to contain PFAS, including, but not
19 limited to, foam products or gear used by firefighters.

20 "Office" means the Office of the State Fire Marshal.

21 Section 99. Effective date. This Act takes effect upon
22 becoming law.