



## 100TH GENERAL ASSEMBLY

### State of Illinois

2017 and 2018

HB2972

by Rep. Linda Chapa LaVia

#### SYNOPSIS AS INTRODUCED:

35 ILCS 5/221  
215 ILCS 5/409.1 new

Amends the Illinois Income Tax Act and the Illinois Insurance Code. Provides that all or a portion of the income tax credit awarded for the restoration and preservation of a qualified historic structure located in a River Edge Redevelopment Zone may instead be taken as a credit against privilege and retaliatory taxes paid under the Illinois Insurance Code. Provides that the Historic Preservation Agency may issue a certification to the taxpayer stating that, if the project is completed as proposed, the project will qualify for the credits. Contains provisions concerning transfers of credits. Provides that the credit may be carried forward. Provides that the credit shall be based on qualified expenditures incurred by a qualified taxpayer (currently, qualified expenditures incurred by a qualified taxpayer during the taxable year). Provides that that the qualified expenditures must exceed the adjusted basis of the qualified historic structure on the first day the qualified rehabilitation plan begins (currently, 50% of the purchase price of the property). Provides that the rehabilitation must be approved by the Historic Preservation Agency and the National Park Service (currently, the Historic Preservation Agency only). Provides that the credit sunsets on December 31, 2021 (currently, December 31, 2017). Effective immediately.

LRB100 10547 HLH 20763 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 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 beginning on or after January 1, 2012  
10 and ending prior to January 1, 2022 ~~January 1, 2018~~, there  
11 shall be allowed a tax credit against the tax imposed by (i)  
12 subsections (a) and (b) of Section 201 of this Act and (ii)  
13 taxes imposed under Sections 409, 413, 444, and 444.1 of the  
14 Illinois Insurance Code in an aggregate amount equal to 25% of  
15 qualified expenditures incurred by a qualified taxpayer ~~during~~  
16 ~~the taxable year~~ in the restoration and preservation of a  
17 qualified historic structure located in a River Edge  
18 Redevelopment Zone pursuant to a qualified rehabilitation  
19 plan, provided that the total amount of such expenditures (i)  
20 must equal \$5,000 or more and (ii) must exceed the adjusted  
21 basis of the qualified historic structure on the first day the  
22 qualified rehabilitation plan begins. If the qualified  
23 rehabilitation plan spans multiple years, the aggregate credit

1 for the entire project shall be allowed in the last taxable  
2 year. ~~50% of the purchase price of the property.~~

3 (b) To obtain a tax credit pursuant to this Section, the  
4 taxpayer must apply with the Department of Commerce and  
5 Economic Opportunity. The Department of Commerce and Economic  
6 Opportunity, in consultation with the Historic Preservation  
7 Agency, shall determine the amount of eligible rehabilitation  
8 costs and expenses. The Historic Preservation Agency and the  
9 National Park Service shall determine whether the  
10 rehabilitation is consistent with the standards of the  
11 Secretary of the United States Department of the Interior for  
12 rehabilitation. The Historic Preservation Agency may, after  
13 its approval of any plan of rehabilitation and prior to the  
14 completion of any project, issue a certification to the  
15 taxpayer stating that, if the project is completed as proposed,  
16 the rehabilitation work will qualify for the credits. Upon  
17 completion and review of the project, the Department of  
18 Commerce and Economic Opportunity shall issue a certificate in  
19 the amount of the eligible credits. At the time the certificate  
20 is issued, an issuance fee up to the maximum amount of 2% of  
21 the amount of the credits issued by the certificate may be  
22 collected from the applicant to administer the provisions of  
23 this Section. If collected, this issuance fee shall be  
24 deposited into the Historic Property Administrative Fund, a  
25 special fund created in the State treasury. Subject to  
26 appropriation, moneys in the Historic Property Administrative

1 Fund shall be evenly divided between the Department of Commerce  
2 and Economic Opportunity and the Historic Preservation Agency  
3 to reimburse the Department of Commerce and Economic  
4 Opportunity and the Historic Preservation Agency for the costs  
5 associated with administering this Section. The taxpayer must  
6 attach the certificate to the tax return on which the credits  
7 are to be claimed. The Department of Commerce and Economic  
8 Opportunity may adopt rules to implement this Section.

9 (c) The tax credit under this Section may not reduce the  
10 taxpayer's liability to less than zero. The credit may not be  
11 carried back. If the amount of the credit exceeds the tax  
12 liability for the year, the excess may be carried forward and  
13 applied to the tax liability of the 5 taxable years following  
14 the excess credit year. The credit shall be applied to the  
15 earliest year for which there is a tax liability. If there are  
16 credits from more than one tax year that are available to  
17 offset a liability, the earlier credit shall be applied first.

18 (c-5) Taxpayers who are eligible to claim the credit,  
19 including without limitation, any partners, shareholders of  
20 subchapter S corporations, and members who are eligible to  
21 claim the credit as provided in the definition of "qualified  
22 taxpayer" below, may transfer all or any portion of the credit  
23 to any individual or entity, within one year after the credit  
24 is awarded, in accordance with rules adopted by the Department  
25 of Commerce and Economic Opportunity. Any transferee of all or  
26 any portion of a credit shall have the right to claim the

1 credit, carry the credit forward as described in subsection (c)  
2 above, and allocate such credit to its partners, shareholders  
3 of subchapter S corporations, and members (and also through  
4 tiers of such entities) as described in the definition of  
5 "qualified taxpayer" below, as if the transferee had been  
6 originally issued such credit. The tax credit may not be  
7 transferred more than once. Allocations of credits to partners,  
8 shareholders of S corporations, members, or other owners  
9 (including through tiers of such entities) as described in the  
10 definition of "qualified taxpayer" below shall not be  
11 considered transfers under this subsection (c-5), and the  
12 one-time transfer limitation set forth in the immediately  
13 preceding sentence shall not apply to any such allocations.

14 (d) As used in this Section, the following terms have the  
15 following meanings.

16 "Qualified expenditure" means all the costs and expenses  
17 defined as qualified rehabilitation expenditures under Section  
18 47 of the federal Internal Revenue Code that were incurred in  
19 connection with a qualified historic structure.

20 "Qualified historic structure" means a certified historic  
21 structure as defined under Section 47 (c)(3) of the federal  
22 Internal Revenue Code.

23 "Qualified rehabilitation plan" means a project that is  
24 approved by the Historic Preservation Agency and the National  
25 Park Service as being consistent with the standards in effect  
26 on the effective date of this amendatory Act of the 97th

1 General Assembly for rehabilitation as adopted by the federal  
2 Secretary of the Interior.

3 "Qualified taxpayer" means the owner of the qualified  
4 historic structure or any other person who qualifies for the  
5 federal rehabilitation credit allowed by Section 47 of the  
6 federal Internal Revenue Code with respect to that qualified  
7 historic structure. Partners, shareholders of subchapter S  
8 corporations, and owners of limited liability companies (if the  
9 limited liability company is treated as a partnership for  
10 purposes of federal and State income taxation) are entitled to  
11 a credit under this Section to be determined in accordance with  
12 the determination of income and distributive share of income  
13 under Sections 702 and 703 and subchapter S of the Internal  
14 Revenue Code, provided that credits granted to a partnership, a  
15 limited liability company taxed as a partnership, or other  
16 multiple owners of property shall be passed through to the  
17 partners, members, or owners respectively (and shall be passed  
18 through more than once in the case of tiers of such entities)  
19 on a pro rata basis or pursuant to an executed agreement among  
20 the partners, members, or owners documenting any alternate  
21 distribution method (which need not be on a pro-rata basis).  
22 (Source: P.A. 99-914, eff. 12-20-16.)

23 Section 10. The Illinois Insurance Code is amended by  
24 adding Section 409.1 as follows:

1 (215 ILCS 5/409.1 new)

2 Sec. 409.1. River Edge Redevelopment Zone Rehabilitation  
3 credit. For taxes payable after January 1, 2015, credits may be  
4 granted against the taxes imposed under Section 409, 413, 444,  
5 and 444.1 of this Act as provided in Section 221 of the  
6 Illinois Income Tax Act.

7 Section 99. Effective date. This Act takes effect upon  
8 becoming law.