



Rep. Jehan Gordon-Booth

Filed: 5/11/2018

10000SB3527ham001

LRB100 20468 HLH 39946 a

1 AMENDMENT TO SENATE BILL 3527

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 3527 by replacing  
3 everything after the enacting clause with the following:

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 ~~beginning~~ on or after  
10 January 1, 2012 and begin ~~ending~~ prior to January 1, 2018  
11 ~~January 1, 2022~~, there shall be allowed a tax credit against  
12 the tax imposed by subsections (a) and (b) of Section 201 of  
13 this Act in an amount equal to 25% of qualified expenditures  
14 incurred by a qualified taxpayer during the taxable year in the  
15 restoration and preservation of a qualified historic structure  
16 located in a River Edge Redevelopment Zone pursuant to a

1 qualified rehabilitation plan, provided that the total amount  
2 of such expenditures (i) must equal \$5,000 or more and (ii)  
3 must exceed 50% of the purchase price of the property.

4 (a-1) For taxable years that begin on or after January 1,  
5 2018 and end prior to January 1, 2022, there shall be allowed a  
6 tax credit against the tax imposed by subsections (a) and (b)  
7 of Section 201 of this Act in an aggregate amount equal to 25%  
8 of qualified expenditures incurred by a qualified taxpayer in  
9 the restoration and preservation of a qualified historic  
10 structure located in a River Edge Redevelopment Zone pursuant  
11 to a qualified rehabilitation plan, provided that the total  
12 amount of such expenditures must (i) equal \$5,000 or more and  
13 (ii) exceed the adjusted basis of the qualified historic  
14 structure on the first day the qualified rehabilitation plan  
15 begins. For any rehabilitation project, regardless of duration  
16 or number of phases, the project's compliance with the  
17 foregoing provisions (i) and (ii) shall be determined based on  
18 the aggregate amount of qualified expenditures for the entire  
19 project and may include expenditures incurred under subsection  
20 (a), this subsection, or both subsection (a) and this  
21 subsection. If the qualified rehabilitation plan spans  
22 multiple years, the aggregate credit for the entire project  
23 shall be allowed in the last taxable year, except for phased  
24 rehabilitation projects, which may receive credits upon  
25 completion of each phase. Before obtaining the first phased  
26 credit: (A) the total amount of such expenditures must meet the

1 requirements of provisions (i) and (ii) of this subsection; (B)  
2 the rehabilitated portion of the qualified historic structure  
3 must be placed in service; and (C) the requirements of  
4 subsection (b) must be met.

5 (b) To obtain a tax credit pursuant to this Section, the  
6 taxpayer must apply with the Department of Natural Resources  
7 ~~Commerce and Economic Opportunity~~. The Department of Natural  
8 Resources Commerce and Economic Opportunity, in consultation  
9 ~~with the Historic Preservation Agency,~~ shall determine the  
10 amount of eligible rehabilitation costs and expenses within 45  
11 days of receipt of a complete application. The taxpayer must  
12 submit a certification of costs prepared by an independent  
13 certified public accountant that certifies (i) the project  
14 expenses, (ii) whether those expenses are qualified  
15 expenditures, and (iii) that the qualified expenditures exceed  
16 the adjusted basis of the qualified historic structure on the  
17 first day the qualified rehabilitation plan commenced. The  
18 Department of Natural Resources is authorized, but not  
19 required, to accept this certification of costs to determine  
20 the amount of qualified expenditures and the amount of the  
21 credit. The Department of Natural Resources shall provide  
22 guidance as to the minimum standards to be followed in the  
23 preparation of such certification. The Department of Natural  
24 Resources and the National Park Service ~~Historic Preservation~~  
25 ~~Agency~~ shall determine whether the rehabilitation is  
26 consistent with the United States Secretary of the Interior's

1 Standards for Rehabilitation ~~the standards of the Secretary of~~  
2 ~~the United States Department of the Interior for~~  
3 ~~rehabilitation.~~

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

1 ~~taxpayer must attach the certificate to the tax return on which~~  
2 ~~the credits are to be claimed. The Department of Commerce and~~  
3 ~~Economic Opportunity may adopt rules to implement this Section.~~

4 (c) The taxpayer must attach the certificate to the tax  
5 return on which the credits are to be claimed. The tax credit  
6 under this Section may not reduce the taxpayer's liability to  
7 less than zero. If the amount of the credit exceeds the tax  
8 liability for the year, the excess credit may be carried  
9 forward and applied to the tax liability of the 5 taxable years  
10 following the excess credit year.

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

1 of Representatives and the Secretary of the Senate in  
2 electronic form only, in the manner that the Clerk and the  
3 Secretary shall direct.

4 (c-2) The Department of Natural Resources may adopt rules  
5 to implement this Section in addition to the rules expressly  
6 authorized in this Section.

7 (d) As used in this Section, the following terms have the  
8 following meanings.

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

13 "Placed in service" means the date when the property is  
14 placed in a condition or state of readiness and availability  
15 for a specifically assigned function as defined under Section  
16 47 of the federal Internal Revenue Code and federal Treasury  
17 Regulation Sections 1.46 and 1.48.

18 "Qualified expenditure" means all the costs and expenses  
19 defined as qualified rehabilitation expenditures under Section  
20 47 of the federal Internal Revenue Code that were incurred in  
21 connection with a qualified historic structure.

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

25 "Qualified rehabilitation plan" means a project that is  
26 approved by the Department of Natural Resources and the

1 National Park Service ~~Historic Preservation Agency~~ as being  
2 consistent with the United States Secretary of the Interior's  
3 Standards for Rehabilitation ~~standards in effect on the~~  
4 ~~effective date of this amendatory Act of the 97th General~~  
5 ~~Assembly for rehabilitation as adopted by the federal Secretary~~  
6 ~~of the Interior.~~

7 "Qualified taxpayer" means the owner of the qualified  
8 historic structure or any other person who qualifies for the  
9 federal rehabilitation credit allowed by Section 47 of the  
10 federal Internal Revenue Code with respect to that qualified  
11 historic structure. Partners, shareholders of subchapter S  
12 corporations, and owners of limited liability companies (if the  
13 limited liability company is treated as a partnership for  
14 purposes of federal and State income taxation) are entitled to  
15 a credit under this Section to be determined in accordance with  
16 the determination of income and distributive share of income  
17 under Sections 702 and 703 and subchapter S of the Internal  
18 Revenue Code, provided that credits granted to a partnership, a  
19 limited liability company taxed as a partnership, or other  
20 multiple owners of property shall be passed through to the  
21 partners, members, or owners respectively on a pro rata basis  
22 or pursuant to an executed agreement among the partners,  
23 members, or owners documenting any alternate distribution  
24 method.

25 (Source: P.A. 99-914, eff. 12-20-16; 100-236, eff. 8-18-17.)".