



Rep. Jehan Gordon-Booth

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10000SB3527ham003

LRB100 20468 HLH 41092 a

1 AMENDMENT TO SENATE BILL 3527

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

5 "Section 1. Short title. This Act may be cited as the  
6 Historic Preservation Tax Credit Act.

7 Section 5. Definitions. As used in this Act, unless the  
8 context clearly indicates otherwise:

9 "Division" means the State Historic Preservation Office  
10 within the Department of Natural Resources.

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

15 "Placed in service" means the date when the property is  
16 placed in a condition or state of readiness and availability

1 for a specifically assigned function as defined under Section  
2 47 of the federal Internal Revenue Code and federal Treasury  
3 Regulation Sections 1.46 and 1.48.

4 "Qualified expenditures" means all the costs and expenses  
5 defined as qualified rehabilitation expenditures under Section  
6 47 of the federal Internal Revenue Code that were incurred in  
7 connection with a qualified historic structure.

8 "Qualified historic structure" means any structure that is  
9 located in Illinois and is defined as a certified historic  
10 structure under Section 47 (c)(3) of the federal Internal  
11 Revenue Code.

12 "Qualified rehabilitation plan" means a project that is  
13 approved by the Department of Natural Resources and the  
14 National Park Service as being consistent with the United  
15 States Secretary of the Interior's Standards for  
16 Rehabilitation.

17 "Qualified taxpayer" means the owner of the qualified  
18 historic structure or any other person who may qualify for the  
19 federal rehabilitation credit allowed by Section 47 of the  
20 federal Internal Revenue Code.

21 "Recapture event" means any of the following events  
22 occurring during the recapture period:

- 23 (1) failure to place in service the rehabilitated  
24 portions of the qualified historic structure, or failure to  
25 maintain the rehabilitated portions of the qualified  
26 historic structure in service after they are placed in

1 service; provided that a recapture event under this  
2 paragraph (1) shall not include a removal from service for  
3 a reasonable period of time to conduct maintenance and  
4 repairs that are reasonably necessary to protect the health  
5 and safety of the public or to protect the structural  
6 integrity of the qualified historic structure or a  
7 neighboring structure;

8 (2) demolition or other alteration of the qualified  
9 historic structure in a manner that is inconsistent with  
10 the qualified rehabilitation plan or the Secretary of the  
11 Interior's Standards for Rehabilitation;

12 (3) disposition of the rehabilitated qualified  
13 historic structure in whole or a proportional disposition  
14 of a partnership interest therein, except as otherwise  
15 permitted by this Section; or

16 (4) use of the qualified historic structure in a manner  
17 that is inconsistent with the qualified rehabilitation  
18 plan or that is otherwise inconsistent with the provisions  
19 and intent of this Section.

20 A recapture event occurring in one taxable year shall be  
21 deemed continuing to subsequent taxable years unless and until  
22 corrected.

23 The following dispositions of a qualified historic  
24 structure shall not be deemed to be a recapture event for  
25 purposes of this Section:

26 (1) a transfer by reason of death;

1 (2) a transfer between spouses incident to divorce;

2 (3) a sale by and leaseback to an entity that, when the  
3 rehabilitated portions of the qualified historic structure  
4 are placed in service, will be a lessee of the qualified  
5 historic structure, but only for so long as the entity  
6 continues to be a lessee; and

7 (4) a mere change in the form of conducting the trade  
8 or business by the owner (or, if applicable, the lessee) of  
9 the qualified historic structure, so long as the property  
10 interest in such qualified historic structure is retained  
11 in such trade or business and the owner or lessee retains a  
12 substantial interest in such trade or business.

13 "Recapture period" means the 5-year period beginning on the  
14 date that the qualified historic structure or rehabilitated  
15 portions of the qualified historic structure are placed in  
16 service.

17 "Substantial rehabilitation" means that the qualified  
18 rehabilitation expenditures during the 24-month period  
19 selected by the taxpayer at the time and in the manner  
20 prescribed by rule and ending with or within the taxable year  
21 exceed the greater of (i) the adjusted basis of the building  
22 and its structural components or (ii) \$5,000. The adjusted  
23 basis of the building and its structural components shall be  
24 determined as of the beginning of the first day of such  
25 24-month period or as of the beginning of the first day of the  
26 holding period of the building, whichever is later. For

1 purposes of determining the adjusted basis, the determination  
2 of the beginning of the holding period shall be made without  
3 regard to any reconstruction by the taxpayer in connection with  
4 the rehabilitation. In the case of any phased rehabilitation,  
5 with phases set forth in architectural plans and specifications  
6 completed before the rehabilitation begins, this definition  
7 shall be applied by substituting "60-month period" for  
8 "24-month period" wherever that term occurs in the definition.

9 Section 10. Allowable credit.

10 (a) To the extent authorized by this Act, for taxable years  
11 beginning on or after January 1, 2019 and ending on or before  
12 December 31, 2023, there shall be allowed a tax credit against  
13 the tax imposed by subsections (a) and (b) of Section 201 of  
14 the Illinois Income Tax Act in an aggregate amount equal to 25%  
15 of qualified expenditures incurred by a qualified taxpayer  
16 undertaking a qualified rehabilitation plan of a qualified  
17 historic structure, provided that the total amount of such  
18 expenditures must (i) equal \$5,000 or more or (ii) exceed the  
19 adjusted basis of the qualified historic structure on the first  
20 day the qualified rehabilitation plan commenced. If the  
21 qualified rehabilitation plan spans multiple years, the  
22 aggregate credit for the entire project shall be allowed in the  
23 last taxable year.

24 (b) To obtain a tax credit pursuant to this Section, the  
25 taxpayer must apply with the Division. The Division shall

1 determine the amount of eligible rehabilitation expenditures  
2 within 45 days after receipt of a complete application. The  
3 taxpayer must provide to the Division a third-party cost  
4 certification conducted by a certified public accountant  
5 verifying (i) the qualified and non-qualified rehabilitation  
6 expenses and (ii) that the qualified expenditures exceed the  
7 adjusted basis of the qualified historic structure on the first  
8 day the qualified rehabilitation plan commenced. The  
9 accountant shall provide appropriate review and testing of  
10 invoices. The Division is authorized, but not required, to  
11 accept this third-party cost certification to determine the  
12 amount of qualified expenditures. The Division and the National  
13 Park Service shall determine whether the rehabilitation is  
14 consistent with the Standards of the Secretary of the United  
15 States Department of the Interior.

16 (c) If the amount of any tax credit awarded under this Act  
17 exceeds the qualified taxpayer's income tax liability for the  
18 year in which the qualified rehabilitation plan was placed in  
19 service, the excess amount may be carried forward for deduction  
20 from the taxpayer's income tax liability in the next succeeding  
21 year or years until the total amount of the credit has been  
22 used, except that a credit may not be carried forward for  
23 deduction after the tenth taxable year after the taxable year  
24 in which the qualified rehabilitation plan was placed in  
25 service. Upon completion and review of the project, the  
26 Division shall issue a single certificate in the amount of the

1 eligible credits equal to 25% of the qualified expenditures  
2 incurred during the eligible taxable years. At the time the  
3 certificate is issued, an issuance fee up to the maximum amount  
4 of 2% of the amount of the credits issued by the certificate  
5 may be collected from the applicant to administer the Act. If  
6 collected, this issuance fee shall be directed to the Division  
7 Historic Property Administrative Fund or other such fund as  
8 appropriate for use of the Division in the administration of  
9 the Historic Preservation Tax Credit Program. The taxpayer must  
10 attach the certificate or legal documentation of her or his  
11 proportional share of the certificate to the tax return on  
12 which the credits are to be claimed. The tax credit under this  
13 Section may not reduce the taxpayer's liability to less than  
14 zero. If the amount of the credit exceeds the tax liability for  
15 the year, the excess credit may be carried forward and applied  
16 to the tax liability of the 10 taxable years following the  
17 excess credit year.

18 (d) If the taxpayer is (i) a corporation having an election  
19 in effect under Subchapter S of the federal Internal Revenue  
20 Code, (ii) a partnership, or (iii) a limited liability company,  
21 the credit provided under this Act may be claimed by the  
22 shareholders of the corporation, the partners of the  
23 partnership, or the members of the limited liability company in  
24 the same manner as those shareholders, partners, or members  
25 account for their proportionate shares of the income or losses  
26 of the corporation, partnership, or limited liability company,

1 or as provided in the by-laws or other executed agreement of  
2 the corporation, partnership, or limited liability company.  
3 Credits granted to a partnership, a limited liability company  
4 taxed as a partnership, or other multiple owners of property  
5 shall be passed through to the partners, members, or owners  
6 respectively on a pro rata basis or pursuant to an executed  
7 agreement among the partners, members, or owners documenting  
8 any alternate distribution method.

9 (e) If a recapture event occurs during the recapture period  
10 with respect to a qualified historic structure, then for any  
11 taxable year in which the credits are allowed as specified in  
12 this Act, the tax under the applicable section of this Act  
13 shall be increased by applying the recapture percentage set  
14 forth below to the tax decrease resulting from the application  
15 of credits allowed under this Act to the taxable year in  
16 question.

17 For the purposes of this subsection, the recapture  
18 percentage shall be determined as follows:

19 (1) if the recapture event occurs within the first year  
20 after commencement of the recapture period, then the  
21 recapture percentage is 100%;

22 (2) if the recapture event occurs within the second  
23 year after commencement of the recapture period, then the  
24 recapture percentage is 80%;

25 (3) if the recapture event occurs within the third year  
26 after commencement of the recapture period, then the



1 recapture percentage is 60%;

2 (4) if the recapture event occurs within the fourth  
3 year after commencement of the recapture period, then the  
4 recapture percentage is 40%; and

5 (5) if the recapture event occurs within the fifth year  
6 after commencement of the recapture period, then the  
7 recapture percentage is 20%.

8 In the case of any recapture event, the carryforwards under  
9 this Act shall be adjusted by reason of such event.

10 (d) The Division may adopt rules to implement this Section  
11 in addition to the rules expressly authorized herein.

12 Section 20. Limitations, reporting, and monitoring.

13 (a) The Division shall award not more than an aggregate of  
14 \$15,000,000 in total annual tax credits pursuant to qualified  
15 rehabilitation plans for qualified historic structures. The  
16 Division shall award not more than \$3,000,000 in tax credits  
17 with regard to a single qualified rehabilitation plan. In  
18 awarding tax credits under this Act, the Division must  
19 prioritize projects that meet one or more of the following:

20 (1) the qualified historic structure is located in a  
21 county that borders a State with a historic property  
22 rehabilitation credit;

23 (2) the qualified historic structure was previously  
24 owned by a federal, State, or local governmental entity;

25 (3) the qualified historic structure is located in a

1 census tract that has a median family income at or below  
2 the State median family income; data from the most recent  
3 5-year estimate from the American Community Survey (ACS),  
4 published by the U.S. Census Bureau, shall be used to  
5 determine eligibility;

6 (4) the qualified rehabilitation plan includes in the  
7 development partnership a Community Development Entity or  
8 a low-profit (B Corporation) or not-for-profit  
9 organization, as defined by Section 501(c)(3) of the  
10 Internal Revenue Code; or

11 (5) the qualified historic structure is located in an  
12 area declared under an Emergency Declaration or Major  
13 Disaster Declaration under the federal Robert T. Stafford  
14 Disaster Relief and Emergency Assistance Act.

15 (b) The annual aggregate program allocation of \$15,000,000  
16 set forth in subsection (a) shall be allocated by the Division,  
17 in such proportion as determined by the Department, on a per  
18 calendar basis twice in each year that the program is in  
19 effect, provided that: (i) the amount initially allocated by  
20 the Division for any one calendar application period shall not  
21 exceed 65% of the total allowable amount and (ii) any portion  
22 of the allocated allowable amount remaining unused as of the  
23 end of any of the second calendar application period of a given  
24 calendar year shall be rolled into and added to the total  
25 allocated amount for the next available calendar year. The  
26 qualified rehabilitation plan must meet a readiness test, as

1 defined in the rules created by the Division, in order for the  
2 Applicant to qualify. Applicants that qualify under this Act  
3 will be placed in a queue based on the date and time the  
4 application is received until such time as the application  
5 period total allowable amount is reached. Applicants must  
6 reapply for each application period.

7 (c) On or before December 31, 2019, and on or before  
8 December 31 of each odd-numbered year thereafter through 2023,  
9 subject to appropriation and prior to equal disbursement to the  
10 Division, moneys in the Historic Property Administrative Fund  
11 shall be used, beginning at the end of the first fiscal year  
12 after the effective date of this Act, to hire a qualified third  
13 party to prepare a biennial report to assess the overall  
14 effectiveness of this Act from the qualified rehabilitation  
15 projects under this Act completed in that year and in previous  
16 years. Baseline data of the metrics in the report shall be  
17 collected at the initiation of a qualified rehabilitation  
18 project. The overall economic impact shall include at least:

19 (1) the number of applications, project locations, and  
20 proposed use of qualified historic structures;

21 (2) the amount of credits awarded and the number and  
22 location of projects receiving credit allocations;

23 (3) the status of ongoing projects and projected  
24 qualifying expenditures for ongoing projects;

25 (4) for completed projects, the total amount of  
26 qualifying rehabilitation expenditures and non-qualifying

1 expenditures, the number of housing units created and the  
2 number of housing units that qualify as affordable, and the  
3 total square footage rehabilitated and developed;

4 (5) direct, indirect, and induced economic impacts;

5 (6) temporary, permanent, and construction jobs  
6 created; and

7 (7) sales, income, and property tax generation before  
8 construction, during construction, and after completion.

9 The report to the General Assembly shall be filed with the  
10 Clerk of the House of Representatives and the Secretary of the  
11 Senate in electronic form only, in the manner that the Clerk  
12 and the Secretary shall direct.

13 (d) Any time prior to issuance of a tax credit certificate,  
14 the Director of the Division, the State Historic Preservation  
15 Officer, or staff of the Division may, upon reasonable notice  
16 to the project owner of not less than 3 business days, conduct  
17 a site visit to the project to inspect and evaluate the  
18 project.

19 (e) Any time prior to the issuance of a tax credit  
20 certificate and for a period of 4 years following the effective  
21 date of a project tax credit certificate, the Director may,  
22 upon reasonable notice of not less than 30 calendar days,  
23 request a status report from the Applicant consisting of  
24 information and updates relevant to the status of the project.  
25 Status reports shall not be requested more than twice yearly.

26 (f) In order to demonstrate sufficient evidence of

1 reviewable progress within 12 months after the date the  
2 Applicant received notification of approval from the Division,  
3 the Applicant shall provide all of the following:

4 (1) a viable financial plan which demonstrates by way  
5 of an executed agreement that all financing has been  
6 secured for the project; such financing shall include, but  
7 not be limited to, equity investment as demonstrated by  
8 letters of commitment from the owner of the property,  
9 investment partners, and equity investors;

10 (2) final construction drawings or approved building  
11 permits that demonstrate the complete rehabilitation of  
12 the full scope of the application; and

13 (3) all historic approvals, including all federal and  
14 State rehabilitation documents required by the Division.

15 The Director shall review the submitted evidence and may  
16 request additional documentation from the Applicant if  
17 necessary. The Applicant will have 30 calendar days to provide  
18 the information requested, otherwise the approval may be  
19 rescinded at the discretion of the Director.

20 (g) In order to demonstrate sufficient evidence of  
21 reviewable progress within 18 months after the date the  
22 application received notification of approval from the  
23 Division, the Applicant is required to provide detailed  
24 evidence that the Applicant has secured and closed on financing  
25 for the complete scope of rehabilitation for the project. To  
26 demonstrate evidence that the Applicant has secured and closed

1 on financing, the Applicant will need to provide signed and  
2 processed loan agreements, bank financing documents or other  
3 legal and contractual evidence to demonstrate that adequate  
4 financing is available to complete the project. The Director  
5 shall review the submitted evidence and may request additional  
6 documentation from the Applicant if necessary. The Applicant  
7 will have 30 calendar days to provide the information  
8 requested, otherwise the approval may be rescinded at the  
9 discretion of the Director.

10 If the Applicant fails to document reviewable progress  
11 within 18 months of approval, the Director may notify the  
12 Applicant that the application is rescinded. However, should  
13 financing and construction be imminent, the Director may elect  
14 to grant the Applicant no more than 5 months to close on  
15 financing and commence construction. If the Applicant fails to  
16 meet these conditions in the required timeframe, the Director  
17 shall notify the Applicant that the application is rescinded.  
18 Any such rescinded allocation shall be added to the aggregate  
19 amount of credits available for allocation for the year in  
20 which the forfeiture occurred.

21 The amount of the qualified expenditures identified in the  
22 Applicant's certification of completion and reflected on the  
23 Historic Preservation Tax Credit certificate issued by the  
24 Director is subject to inspection, examination, and audit by  
25 the Department of Revenue.

26 The Applicant shall establish and maintain for a period of

1 4 years following the effective date on a project tax credit  
2 certificate such records as required by the Director. Such  
3 records include, but are not limited to, records documenting  
4 project expenditures and compliance with the U.S. Secretary of  
5 the Interior's Standards. The Applicant shall make such records  
6 available for review and verification by the Director, the  
7 State Historic Preservation Officer, the Department of  
8 Revenue, or appropriate staff, as well as other appropriate  
9 State agencies. In the event the Director determines an  
10 Applicant has submitted an annual report containing erroneous  
11 information or data not supported by records established and  
12 maintained under this Act, the Director may, after providing  
13 notice, require the Applicant to resubmit corrected reports.

14 Section 25. Powers. The Division shall adopt rules for the  
15 administration of this Act. The Division may enter into an  
16 intergovernmental agreement with the Department of Commerce  
17 and Economic Opportunity, the Department of Revenue, or both,  
18 for the administration of this Act. Such intergovernmental  
19 agreement may allow for the distribution of all or a portion of  
20 the issuance fee imposed under Section 10 to the Department of  
21 Commerce and Economic Opportunity or the Department of Revenue,  
22 as applicable.

23 Section 900. The Illinois Income Tax Act is amended by  
24 changing Section 221 and by adding Section 227 as follows:

1 (35 ILCS 5/221)

2 Sec. 221. Rehabilitation costs; qualified historic  
3 properties; River Edge Redevelopment Zone.

4 (a) For taxable years that begin ~~beginning~~ on or after  
5 January 1, 2012 and begin ~~ending~~ prior to January 1, 2018  
6 ~~January 1, 2022~~, there shall be allowed a tax credit against  
7 the tax imposed by subsections (a) and (b) of Section 201 of  
8 this Act in an amount equal to 25% of qualified expenditures  
9 incurred by a qualified taxpayer during the taxable year in the  
10 restoration and preservation of a qualified historic structure  
11 located in a River Edge Redevelopment Zone pursuant to a  
12 qualified rehabilitation plan, provided that the total amount  
13 of such expenditures (i) must equal \$5,000 or more and (ii)  
14 must exceed 50% of the purchase price of the property.

15 (a-1) For taxable years that begin on or after January 1,  
16 2018 and end prior to January 1, 2022, there shall be allowed a  
17 tax credit against the tax imposed by subsections (a) and (b)  
18 of Section 201 of this Act in an aggregate amount equal to 25%  
19 of qualified expenditures incurred by a qualified taxpayer in  
20 the restoration and preservation of a qualified historic  
21 structure located in a River Edge Redevelopment Zone pursuant  
22 to a qualified rehabilitation plan, provided that the total  
23 amount of such expenditures must (i) equal \$5,000 or more and  
24 (ii) exceed the adjusted basis of the qualified historic  
25 structure on the first day the qualified rehabilitation plan



1 begins. For any rehabilitation project, regardless of duration  
2 or number of phases, the project's compliance with the  
3 foregoing provisions (i) and (ii) shall be determined based on  
4 the aggregate amount of qualified expenditures for the entire  
5 project and may include expenditures incurred under subsection  
6 (a), this subsection, or both subsection (a) and this  
7 subsection. If the qualified rehabilitation plan spans  
8 multiple years, the aggregate credit for the entire project  
9 shall be allowed in the last taxable year, except for phased  
10 rehabilitation projects, which may receive credits upon  
11 completion of each phase. Before obtaining the first phased  
12 credit: (A) the total amount of such expenditures must meet the  
13 requirements of provisions (i) and (ii) of this subsection; (B)  
14 the rehabilitated portion of the qualified historic structure  
15 must be placed in service; and (C) the requirements of  
16 subsection (b) must be met.

17 (b) To obtain a tax credit pursuant to this Section, the  
18 taxpayer must apply with the Department of Natural Resources  
19 ~~Commerce and Economic Opportunity~~. The Department of Natural  
20 Resources ~~Commerce and Economic Opportunity~~, in consultation  
21 ~~with the Historic Preservation Agency~~, shall determine the  
22 amount of eligible rehabilitation costs and expenses within 45  
23 days of receipt of a complete application. The taxpayer must  
24 submit a certification of costs prepared by an independent  
25 certified public accountant that certifies (i) the project  
26 expenses, (ii) whether those expenses are qualified

1 expenditures, and (iii) that the qualified expenditures exceed  
2 the adjusted basis of the qualified historic structure on the  
3 first day the qualified rehabilitation plan commenced. The  
4 Department of Natural Resources is authorized, but not  
5 required, to accept this certification of costs to determine  
6 the amount of qualified expenditures and the amount of the  
7 credit. The Department of Natural Resources shall provide  
8 guidance as to the minimum standards to be followed in the  
9 preparation of such certification. The Department of Natural  
10 Resources and the National Park Service ~~Historic Preservation~~  
11 Agency shall determine whether the rehabilitation is  
12 consistent with the United States Secretary of the Interior's  
13 Standards for Rehabilitation ~~the standards of the Secretary of~~  
14 ~~the United States Department of the Interior for~~  
15 rehabilitation.

16 (b-1) Upon completion ~~and review~~ of the project ~~and~~  
17 approval of the complete application, the Department of Natural  
18 Resources ~~Commerce and Economic Opportunity~~ shall issue a  
19 single certificate in the amount of the eligible credits equal  
20 to 25% of qualified expenditures incurred during the eligible  
21 taxable years, as defined in subsections (a) and (a-1),  
22 excepting any credits awarded under subsection (a) prior to the  
23 effective date of this amendatory Act of the 100th General  
24 Assembly and any phased credits issued prior to the eligible  
25 taxable year under subsection (a-1). At the time the  
26 certificate is issued, an issuance fee up to the maximum amount

1 of 2% of the amount of the credits issued by the certificate  
2 may be collected from the applicant to administer the  
3 provisions of this Section. If collected, this issuance fee  
4 shall be deposited into the Historic Property Administrative  
5 Fund, a special fund created in the State treasury. Subject to  
6 appropriation, moneys in the Historic Property Administrative  
7 Fund shall be provided to the Department of Natural Resources  
8 as reimbursement evenly divided between the Department of  
9 Commerce and Economic Opportunity and the Historic  
10 Preservation Agency to reimburse the Department of Commerce and  
11 Economic Opportunity and the Historic Preservation Agency for  
12 the costs associated with administering this Section. The  
13 taxpayer must attach the certificate to the tax return on which  
14 the credits are to be claimed. The Department of Commerce and  
15 Economic Opportunity may adopt rules to implement this Section.

16 (c) The taxpayer must attach the certificate to the tax  
17 return on which the credits are to be claimed. The tax credit  
18 under this Section may not reduce the taxpayer's liability to  
19 less than zero. If the amount of the credit exceeds the tax  
20 liability for the year, the excess credit may be carried  
21 forward and applied to the tax liability of the 5 taxable years  
22 following the excess credit year.

23 (c-1) Subject to appropriation, moneys in the Historic  
24 Property Administrative Fund shall be used, on a biennial basis  
25 beginning at the end of the second fiscal year after the  
26 effective date of this amendatory Act of the 100th General

1 Assembly, to hire a qualified third party to prepare a biennial  
2 report to assess the overall economic impact to the State from  
3 the qualified rehabilitation projects under this Section  
4 completed in that year and in previous years. The overall  
5 economic impact shall include at least: (1) the direct and  
6 indirect or induced economic impacts of completed projects; (2)  
7 temporary, permanent, and construction jobs created; (3)  
8 sales, income, and property tax generation before, during  
9 construction, and after completion; and (4) indirect  
10 neighborhood impact after completion. The report shall be  
11 submitted to Governor and the General Assembly. The report to  
12 the General Assembly shall be filed with the Clerk of the House  
13 of Representatives and the Secretary of the Senate in  
14 electronic form only, in the manner that the Clerk and the  
15 Secretary shall direct.

16 (c-2) The Department of Natural Resources may adopt rules  
17 to implement this Section in addition to the rules expressly  
18 authorized in this Section.

19 (d) As used in this Section, the following terms have the  
20 following meanings.

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

25 "Placed in service" means the date when the property is  
26 placed in a condition or state of readiness and availability

1 for a specifically assigned function as defined under Section  
2 47 of the federal Internal Revenue Code and federal Treasury  
3 Regulation Sections 1.46 and 1.48.

4 "Qualified expenditure" means all the costs and expenses  
5 defined as qualified rehabilitation expenditures under Section  
6 47 of the federal Internal Revenue Code that were incurred in  
7 connection with a qualified historic structure.

8 "Qualified historic structure" means a certified historic  
9 structure as defined under Section 47(c)(3) of the federal  
10 Internal Revenue Code.

11 "Qualified rehabilitation plan" means a project that is  
12 approved by the Department of Natural Resources and the  
13 National Park Service ~~Historic Preservation Agency~~ as being  
14 consistent with the United States Secretary of the Interior's  
15 Standards for Rehabilitation ~~standards in effect on the~~  
16 ~~effective date of this amendatory Act of the 97th General~~  
17 ~~Assembly for rehabilitation as adopted by the federal Secretary~~  
18 ~~of the Interior.~~

19 "Qualified taxpayer" means the owner of the qualified  
20 historic structure or any other person who qualifies for the  
21 federal rehabilitation credit allowed by Section 47 of the  
22 federal Internal Revenue Code with respect to that qualified  
23 historic structure. Partners, shareholders of subchapter S  
24 corporations, and owners of limited liability companies (if the  
25 limited liability company is treated as a partnership for  
26 purposes of federal and State income taxation) are entitled to

1 a credit under this Section to be determined in accordance with  
2 the determination of income and distributive share of income  
3 under Sections 702 and 703 and subchapter S of the Internal  
4 Revenue Code, provided that credits granted to a partnership, a  
5 limited liability company taxed as a partnership, or other  
6 multiple owners of property shall be passed through to the  
7 partners, members, or owners respectively on a pro rata basis  
8 or pursuant to an executed agreement among the partners,  
9 members, or owners documenting any alternate distribution  
10 method.

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

12 (35 ILCS 5/227 new)

13 Sec. 227. Historic preservation credit. For tax years  
14 beginning on or after January 1, 2019 and ending on or before  
15 December 31, 2023, a taxpayer who qualifies for a credit under  
16 the Historic Preservation Tax Credit Act is entitled to a  
17 credit against the taxes imposed under subsections (a) and (b)  
18 of Section 201 of this Act as provided in that Act. If the  
19 taxpayer is a partnership or Subchapter S corporation, the  
20 credit shall be allowed to the partners or shareholders in  
21 accordance with the determination of income and distributive  
22 share of income under Sections 702 and 704 and Subchapter S of  
23 the Internal Revenue Code. If the amount of any tax credit  
24 awarded under this Section exceeds the qualified taxpayer's  
25 income tax liability for the year in which the qualified

1 rehabilitation plan was placed in service, the excess amount  
2 may be carried forward as provided in the Historic Preservation  
3 Tax Credit Act.".