

HB3333



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB3333

Introduced 2/19/2021, by Rep. Jeff Keicher

SYNOPSIS AS INTRODUCED:

New Act

Creates the Community-Anchored Development Act. Provides that the Department of Commerce and Economic Opportunity may establish a Community-Anchored Development Program to invest in and incentivize the expansion of targeted industries in the State and the continued development of certain areas of the State through the provision of tax credits to anchor institutions. Provides that an "anchor institution" is a governmental entity or nonprofit entity that is a comprehensive health care system, a public research university, a private research university, a major cultural scientific, research, and philanthropic institution, or a public college which is separate from a public research university.

LRB102 14991 HLH 20346 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 1. Short title. This Act may be cited as the
5 Community-Anchored Development Act.

6 Section 5. Purpose; tax credit awards. The purpose of this
7 Act is for the Department of Commerce and Economic Opportunity
8 to facilitate, in partnership with the Department of Revenue
9 and the State's key not-for-profit and governmental anchor
10 institutions, large-scale development projects with desirable
11 employment and geographical characteristics that are able to
12 impact a broader community. The General Assembly finds that,
13 where a broad commonality of goals exists between anchor
14 institutions and the State, the State can effectively utilize
15 anchor institutions as investors in, and additional overseers
16 of, projects that the Department seeks to incentivize. Under
17 this Act, anchor institutions in the areas of education,
18 health care, culture, community development, and economic
19 development are provided with the opportunity to act as
20 investors in targeted development, utilizing proceeds from the
21 sale of State tax credits. This approach harnesses the deep
22 experience of the numerous anchor institutions in the State,
23 institutions that enjoy decades-long relationships with

1 communities around the State, making them ideal partners for
2 companies wanting to come to or expand in Illinois.

3 This Act seeks to overcome cost-of-occupancy differences
4 Illinois and less expensive options in other jurisdictions for
5 specific properties by reducing the cost of occupancy being
6 offered to a targeted company.

7 This Act affords an opportunity for anchor institutions
8 and the State to become partners in a project, with the State
9 receiving a negotiated current or deferred economic return on
10 the tax credit investment made by the anchor institution and
11 ultimately the return of the amount initially invested.
12 Through a competitive application process to the Department, a
13 real estate partnership between an anchor institution and a
14 partner business will make its case for an amount of tax
15 credits necessary for that project to be able to establish
16 occupancy costs at a competitive level.

17 The tax credits issued by the Department to an applicant
18 anchor institution are to be issued pursuant to a tax credit
19 agreement that sets forth negotiated terms on which the
20 Department has agreed to issue the credits. The tax credit
21 agreement is to include standards relating to the anticipated
22 economic results of the community-anchored project and address
23 accountability if the community-anchored project fails to meet
24 the requirements specified in the tax credit agreement.

25 The General Assembly declares that 2 principal objectives
26 underscore the policy approach of this Act: first, an

1 incentive program cannot succeed as a one-size-fits-all
2 structure, and therefore an award of tax credits is to be
3 thoroughly underwritten by the Department and specifically
4 designed for scenarios in which the Department finds that the
5 award will be effective; and second, the State is better
6 served where the State's financial support is characterized
7 and treated as an investment rather than an explicit grant.

8 Section 10. Definitions. As used in this Act:

9 "Anchor institution" means a governmental entity or
10 nonprofit entity designated by the Department and having a
11 primary mission and specific policy goals that align with
12 those of the Department under the program and that is a
13 comprehensive health care system, a public research
14 university, a private research university, a major cultural
15 scientific, research and philanthropic institution, or public
16 college which is separate from a public research university.

17 "Community-anchored project" means a capital project that
18 is located in an area that is designated by the Department and
19 will result in a capital investment of at least \$10,000,000 in
20 an opportunity zone or in any other area of the State; however,
21 a project that is not located in an opportunity zone is to be
22 primarily designed to result in the economic expansion of a
23 targeted industry in this State.

24 "Department" means the Department of Commerce and Economic
25 Opportunity.

1 "Opportunity zone" means a federal population census tract
2 in this State that was eligible to be designated as a qualified
3 opportunity zone pursuant to 26 U.S.C. 1400Z-1.

4 "Partner business" means a corporation, partnership, firm,
5 enterprise, franchise, association, trust, sole
6 proprietorship, or other legal entity, but shall not include a
7 public entity that enters into an agreement with an anchor
8 institution to rent and occupy commercial space within a
9 community-anchored project. Under the program a partner
10 business, subject to agreement with the anchor institution,
11 may lease one or more portions of the partner business's space
12 in the community-anchored project to one or more other persons
13 or entities.

14 Section 15. Program established. The Community-Anchored
15 Development Program is established under the jurisdiction of
16 the Department. The Department shall administer the program to
17 invest in and incentivize the expansion of targeted industries
18 in the State and the continued development of certain areas of
19 the State through the provision of tax credits to anchor
20 institutions. The Department shall certify qualified anchor
21 institutions based on the requirements of this Act, and may
22 approve tax credits to anchor institutions pursuant to this
23 Act. The value of all tax credits approved by the Department to
24 anchor institutions under the program shall be subject to the
25 limitations set forth in this Section.

1 The program shall invest in and incentivize the
2 establishment of community-anchored projects by anchor
3 institutions, independently or in collaboration with one or
4 more partner businesses or governmental entities. The
5 Department's investment in community-anchored projects shall
6 be in the form of the award of tax credits to anchor
7 institutions.

8 The Department may award no more than \$200,000,000 in tax
9 credits under this Act in any State fiscal year.

10 The Department may adopt rules to implement this Act.