

HB3974



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB3974

Introduced 3/4/2021, by Rep. Michael Halpin

SYNOPSIS AS INTRODUCED:

35 ILCS 31/20

Amends the Historic Preservation Tax Credit Act. Provides that the State Historic Preservation Office may not award more than \$45,000,000 (currently, \$15,000,000) in total annual tax credits under the Act.

LRB102 02768 HLH 12775 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 5. The Historic Preservation Tax Credit Act is
5 amended by changing Section 20 as follows:

6 (35 ILCS 31/20)

7 Sec. 20. Limitations, reporting, and monitoring.

8 (a) The Division shall award not more than an aggregate of
9 \$45,000,000 ~~\$15,000,000~~ in total annual tax credits pursuant
10 to qualified rehabilitation plans for qualified historic
11 structures. The Division shall award not more than \$3,000,000
12 in tax credits with regard to a single qualified
13 rehabilitation plan. In awarding tax credits under this Act,
14 the Division must prioritize projects that meet one or more of
15 the following:

16 (1) the qualified historic structure is located in a
17 county that borders a State with a historic property
18 rehabilitation credit;

19 (2) the qualified historic structure was previously
20 owned by a federal, state, or local governmental entity;

21 (3) the qualified historic structure is located in a
22 census tract that has a median family income at or below
23 the State median family income; data from the most recent

1 5-year estimate from the American Community Survey (ACS),
2 published by the U.S. Census Bureau, shall be used to
3 determine eligibility;

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

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

13 (b) The annual aggregate program allocation of \$45,000,000
14 ~~\$15,000,000~~ set forth in subsection (a) shall be allocated by
15 the Division, in such proportion as determined by the
16 Department, on a per calendar basis twice in each year that the
17 program is in effect, provided that: (i) the amount initially
18 allocated by the Division for any one calendar application
19 period shall not exceed 65% of the total allowable amount and
20 (ii) any portion of the allocated allowable amount remaining
21 unused as of the end of any of the second calendar application
22 period of a given calendar year shall be rolled into and added
23 to the total allocated amount for the next available calendar
24 year. The qualified rehabilitation plan must meet a readiness
25 test, as defined in the rules created by the Division, in order
26 for the Applicant to qualify. Applicants that qualify under

1 this Act will be placed in a queue based on the date and time
2 the application is received until such time as the application
3 period total allowable amount is reached. Applicants must
4 reapply for each application period.

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

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

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

21 (3) the status of ongoing projects and projected
22 qualifying expenditures for ongoing projects;

23 (4) for completed projects, the total amount of
24 qualifying rehabilitation expenditures and non-qualifying
25 expenditures, the number of housing units created and the
26 number of housing units that qualify as affordable, and

1 the total square footage rehabilitated and developed;

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

3 (6) temporary, permanent, and construction jobs
4 created; and

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

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

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

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

25 (f) In order to demonstrate sufficient evidence of
26 reviewable progress within 12 months after the date the

1 Applicant received notification of approval from the Division,
2 the Applicant shall provide all of the following:

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

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

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

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

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

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

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

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

25 The Applicant shall establish and maintain for a period of
26 4 years following the effective date on a project tax credit

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

13 (Source: P.A. 100-629, eff. 1-1-19.)