



Sen. David Koehler

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10200SB1823sam002

LRB102 15347 HLH 25785 a

1 AMENDMENT TO SENATE BILL 1823

2 AMENDMENT NO. _____. Amend Senate Bill 1823 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 on or after January 1,
10 2012 and begin prior to January 1, 2018, there shall be allowed
11 a tax credit against the tax imposed by subsections (a) and (b)
12 of Section 201 of this Act in an amount equal to 25% of
13 qualified expenditures incurred by a qualified taxpayer during
14 the taxable year in the restoration and preservation of a
15 qualified historic structure located in a River Edge
16 Redevelopment Zone pursuant to a qualified rehabilitation

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

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

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

5 The credit under this subsection (a-1) shall be allowed
6 for taxable years beginning on or after January 1, 2018 and
7 beginning on or before January 1, 2031; however, no such
8 credit shall be allowed for a project that does not begin
9 incurring qualified rehabilitation expenditures prior to
10 January 1, 2027.

11 (a-2) For taxable years beginning on or after January 1,
12 2021 and ending prior to January 1, 2022, there shall be
13 allowed a tax credit against the tax imposed by subsections
14 (a) and (b) of Section 201 as provided in Section 10-10.3 of
15 the River Edge Redevelopment Zone Act. The credit allowed
16 under this subsection (a-2) shall apply only to taxpayers that
17 make a capital investment of at least \$1,000,000 in a
18 qualified rehabilitation plan.

19 The credit or credits may not reduce the taxpayer's
20 liability to less than zero. If the amount of the credit or
21 credits exceeds the taxpayer's liability, the excess may be
22 carried forward and applied against the taxpayer's liability
23 in succeeding calendar years in the manner provided under
24 paragraph (4) of Section 211 of this Act. The credit or credits
25 shall be applied to the earliest year for which there is a tax
26 liability. If there are credits from more than one taxable

1 year that are available to offset a liability, the earlier
2 credit shall be applied first.

3 For partners, shareholders of Subchapter S corporations,
4 and owners of limited liability companies, if the liability
5 company is treated as a partnership for the purposes of
6 federal and State income taxation, there shall be allowed a
7 credit under this Section to be determined in accordance with
8 the determination of income and distributive share of income
9 under Sections 702 and 704 and Subchapter S of the Internal
10 Revenue Code.

11 The total aggregate amount of credits awarded under the
12 Blue Collar Jobs Act (Article 20 of this amendatory Act of the
13 101st General Assembly) shall not exceed \$20,000,000 in any
14 State fiscal year.

15 (b) To obtain a tax credit pursuant to this Section, the
16 taxpayer must apply with the Department of Natural Resources.
17 The Department of Natural Resources shall determine the amount
18 of eligible rehabilitation costs and expenses in addition to
19 the amount of the River Edge construction jobs credit within
20 45 days of receipt of a complete application. The taxpayer
21 must submit a certification of costs prepared by an
22 independent certified public accountant that certifies (i) the
23 project expenses, (ii) whether those expenses are qualified
24 expenditures, and (iii) that the qualified expenditures exceed
25 the adjusted basis of the qualified historic structure on the
26 first day the qualified rehabilitation plan commenced. The

1 Department of Natural Resources is authorized, but not
2 required, to accept this certification of costs to determine
3 the amount of qualified expenditures and the amount of the
4 credit. The Department of Natural Resources shall provide
5 guidance as to the minimum standards to be followed in the
6 preparation of such certification. The Department of Natural
7 Resources and the National Park Service shall determine
8 whether the rehabilitation is consistent with the United
9 States Secretary of the Interior's Standards for
10 Rehabilitation.

11 (b-1) Upon completion of the project and approval of the
12 complete application, the Department of Natural Resources
13 shall issue a single certificate in the amount of the eligible
14 credits equal to 25% of qualified expenditures incurred during
15 the eligible taxable years, as defined in subsections (a), ~~and~~
16 (a-1), and (a-3), excepting any credits awarded under
17 subsection (a) prior to January 1, 2019 (the effective date of
18 Public Act 100-629) and any phased credits issued prior to the
19 eligible taxable year under subsection (a-1). At the time the
20 certificate is issued, an issuance fee up to the maximum
21 amount of 2% of the amount of the credits issued by the
22 certificate may be collected from the applicant to administer
23 the provisions of this Section. If collected, this issuance
24 fee shall be deposited into the Historic Property
25 Administrative Fund, a special fund created in the State
26 treasury. Subject to appropriation, moneys in the Historic

1 Property Administrative Fund shall be provided to the
2 Department of Natural Resources as reimbursement for the costs
3 associated with administering 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
13 basis beginning at the end of the second fiscal year after
14 January 1, 2019 (the effective date of Public Act 100-629), to
15 hire a qualified third party to prepare a biennial report to
16 assess the overall economic impact to the State from the
17 qualified rehabilitation projects under this Section completed
18 in that year and in previous years. The overall economic
19 impact shall include at least: (1) the direct and indirect or
20 induced economic impacts of completed projects; (2) temporary,
21 permanent, and construction jobs created; (3) sales, income,
22 and property tax generation before, during construction, and
23 after completion; and (4) indirect neighborhood impact after
24 completion. The report shall be submitted to the Governor and
25 the General Assembly. The report to the General Assembly shall
26 be filed with the Clerk of the House of Representatives and the

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

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

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

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

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

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

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

24 "Qualified rehabilitation plan" means a project that is
25 approved by the Department of Natural Resources and the
26 National Park Service as being consistent with the United

1 States Secretary of the Interior's Standards for
2 Rehabilitation.

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
9 the 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
12 with the determination of income and distributive share of
13 income under Sections 702 and 703 and subchapter S of the
14 Internal Revenue Code, provided that credits granted to a
15 partnership, a limited liability company taxed as a
16 partnership, or other multiple owners of property shall be
17 passed through to the partners, members, or owners
18 respectively on a pro rata basis or pursuant to an executed
19 agreement among the partners, members, or owners documenting
20 any alternate distribution method.

21 (Source: P.A. 100-236, eff. 8-18-17; 100-629, eff. 1-1-19;
22 100-695, eff. 8-3-18; 101-9, eff. 6-5-19; 101-81, eff.
23 7-12-19.)

24 Section 99. Effective date. This Act takes effect upon
25 becoming law."