

HB3797



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB3797

Introduced 2/17/2023, by Rep. Justin Slaughter

SYNOPSIS AS INTRODUCED:

35 ILCS 5/234 new

Amends the Illinois Income Tax Act. Creates a credit in an amount equal to the investment made by the taxpayer during the taxable year in a Qualified Opportunity Fund. Provides that no such credit may be taken for any taxable year that begins prior to January 1, 2023. Provides that excess credits may be carried forward or back. Provides that the aggregate amount of the Qualified Opportunity Fund tax credit shall be limited to \$10,000 per taxpayer per calendar year. Provides that the credit is exempt from the Act's automatic sunset provision. Effective immediately.

LRB103 30156 HLH 56580 b

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 Illinois Income Tax Act is amended by
5 adding Section 234 as follows:

6 (35 ILCS 5/234 new)

7 Sec. 234. Qualified Opportunity Fund credit.

8 (a) As used in this Section:

9 "Applicant" means a corporation, partnership, limited
10 liability company, or a natural person that makes an
11 investment in a Qualified Opportunity Fund established under
12 Section 1400Z-2 of the Internal Revenue Code.

13 "Claimant" means an applicant that is awarded a credit
14 under this Section by the Department.

15 "Department" means the Department of Commerce and Economic
16 Opportunity.

17 (b) A claimant may claim a credit against the tax imposed
18 under subsections (a) and (b) of Section 201 of this Act in an
19 amount equal to the claimant's investment during the taxable
20 year in a Qualified Opportunity Fund established under Section
21 1400Z-2 of the Internal Revenue Code.

22 (c) Credits may be awarded for investments made on or
23 after the date on which the Qualified Opportunity Fund is

1 created; however, no credit may be taken for any taxable year
2 that begins prior to January 1, 2023. The credit under this
3 Section may not exceed the taxpayer's Illinois income tax
4 liability for the taxable year. If the amount of the credit
5 exceeds the tax liability for the year, then the excess may be
6 carried forward and applied to the tax liability of the 5
7 taxable years following the excess credit year or carried back
8 and applied to the tax liability of the 3 taxable years
9 immediately preceding the excess credit year. The credit shall
10 be applied to the earliest year for which there is a tax
11 liability. If there are credits from more than one tax year
12 that are available to offset a liability, the earlier credit
13 shall be applied first. In the case of a partnership or
14 Subchapter S Corporation, the credit is allowed to the
15 partners or shareholders in accordance with the determination
16 of income and distributive share of income under Sections 702
17 and 704 and Subchapter S of the Internal Revenue Code.

18 (d) A transfer of the credit may be made by the taxpayer,
19 in accordance with rules adopted by the Department, within one
20 year after the credit is awarded.

21 (e) In no event shall a credit under this Section exceed
22 \$10,000 for any taxpayer in any taxable year.

23 (f) This Section is exempt from the provisions of Section
24 250.

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