

HB4565



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB4565

Introduced 1/31/2024, by Rep. Ryan Spain

SYNOPSIS AS INTRODUCED:

35 ILCS 5/241 new

Amends the Illinois Income Tax Act. Creates an income tax credit not to exceed 25% of the eligible costs incurred by the taxpayer during the taxable year in connection with the production of a biobased product. Provides that the Department of Commerce and Economic Opportunity shall award the credits. Provides that the total aggregate amount of credits awarded under those provisions shall not exceed \$20,000,000 in any State fiscal year. Effective immediately.

LRB103 35519 HLH 65591 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 241 as follows:

6 (35 ILCS 5/241 new)

7 Sec. 241. Biobased products credit.

8 (a) For taxable years beginning on or after January 1,
9 2025, each taxpayer who incurs eligible costs during the
10 taxable year in connection with the production of a biobased
11 product may apply to the Department of Commerce and Economic
12 Opportunity for a credit against the taxes imposed by
13 subsections (a) and (b) of Section 201. The credit may not
14 exceed 25% of those eligible costs. Upon satisfactory review,
15 the Department of Commerce and Economic Opportunity shall
16 issue a tax credit certificate to the applicant stating the
17 amount of the tax credit to which the applicant is entitled.
18 The total aggregate amount of credits awarded under this
19 Section shall not exceed \$20,000,000 in any State fiscal year.

20 To be eligible for the credit under this Section, the
21 biobased product must be produced in Illinois; however, the
22 raw materials are not required to be sourced from Illinois.

23 (b) A credit under this Section that is awarded to a

1 partner of a partnership or a shareholder of a subchapter S
2 corporation shall be awarded as provided in Section 251.

3 (c) If the amount of the credit exceeds the tax liability
4 for the year, the excess may be carried forward and applied to
5 the tax liability of the 5 taxable years following the excess
6 credit year. The credit shall be applied to the earliest year
7 for which there is a tax liability. If there are credits from
8 more than one tax year that are available to offset a
9 liability, the earlier credit shall be applied first. In no
10 event shall a credit under this Section reduce the taxpayer's
11 liability to less than zero.

12 (d) As used in this Section:

13 "Biobased product" means a commercial or industrial
14 product (other than food or fuel) that is derived from raw
15 materials such as plants and other renewable agricultural,
16 marine, or forestry materials and that meets either of the
17 following criteria:

18 (1) the product is primarily (at least 50%) composed
19 of biological products, including renewable domestic
20 agricultural materials, renewable chemicals, or forestry
21 materials; or

22 (2) the product is an intermediate ingredient or
23 feedstock and 100% of the carbon in the product is from
24 renewable, biological sources verified using ASTM D6866 or
25 equivalent radioisotope testing.

26 "Eligible costs" means:

1 (1) costs associated with studies, surveys, the
2 development of plans and specifications, implementation,
3 and program administration, including, but not limited to,
4 professional services costs, architectural costs,
5 engineering costs, legal costs, financial services costs,
6 and planning and administrative costs;

7 (2) marketing costs;

8 (3) property assembly costs, including, but not
9 limited to, costs associated with the acquisition of land
10 and other real or personal property or rights or interests
11 in property, demolition of buildings, and site
12 preparation;

13 (4) costs of rehabilitation, reconstruction, repair,
14 or remodeling of existing buildings;

15 (5) costs of construction of new buildings;

16 (6) costs of construction of public works or
17 improvements related to business development, including,
18 but not limited to, streets, sidewalks, water service, and
19 sanitary and storm sewer service;

20 (7) costs of eliminating or removing contaminants and
21 other impediments; including, but not limited to, site
22 improvements, the installation of parking lots and other
23 concrete or asphalt barriers, and the clearing or grading
24 of land;

25 (8) costs associated with job training and retraining;

26 (9) up to 30% of the financing costs; and

1 (10) costs of capital equipment purchases.

2 (e) The Department of Commerce and Economic Opportunity
3 shall adopt rules to implement this Section.

4 (f) This Section is exempt from the provisions of Section
5 250.

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.