



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB4578

Introduced 1/31/2024, by Rep. Michael J. Kelly

SYNOPSIS AS INTRODUCED:

35 ILCS 5/235 new

Amends the Illinois Income Tax Act. Creates an income tax credit for taxpayers who have an approved NFPA 13D residential fire sprinkler system installed in a new or existing residential dwelling in the State during the taxable year. Provides that the credit shall be in an amount equal to 50% of the total cost of the installation but not to exceed \$10,000 per taxpayer in any taxable year. Provides that the credit is exempt from the Act's automatic sunset provisions. Effective immediately.

LRB103 35465 HLH 65534 b

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 235 as follows:

6 (35 ILCS 5/235 new)

7 Sec. 235. Residential fire sprinkler installation credit.

8 (a) For taxable years ending on or after December 31,
9 2023, each taxpayer who has an approved NFPA 13D residential
10 fire sprinkler system installed by a licensed fire sprinkler
11 contractor in a new or existing residential dwelling in the
12 State during the taxable year is entitled to a credit against
13 the taxes imposed by subsections (a) and (b) of Section 201 in
14 an amount equal to 50% of the total cost of the installation
15 but not to exceed \$10,000 per taxpayer in any taxable year.

16 (b) The taxpayer shall provide to the Department a copy of
17 the final invoice showing the total cost of the installation
18 of the fire sprinkler system. The invoice shall include the
19 following:

20 (1) the water main tap fee, if required;

21 (2) fees and costs for combined sprinkler and domestic
22 water service;

23 (3) costs associated with installing, modifying, or

1 upgrading piping and valves; and

2 (4) all other installation and testing fees.

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

12 (d) As used in this Section, "approved NFPA 13D
13 residential fire sprinkler system" means a residential fire
14 sprinkler system that meets the requirements of NFPA 13D
15 standards established by the National Fire Protection
16 Association for one-family and 2-family residential dwellings.

17 (e) This Section is exempt from the provisions of Section
18 250.

19 Section 99. Effective date. This Act takes effect upon
20 becoming law.