LRB10339038HLH69273b

103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB2922

Introduced 1/26/2024, by Sen. Michael W. Halpin

SYNOPSIS AS INTRODUCED:

35 ILCS 5/241 new

Amends the Illinois Income Tax Act. Provides a tax credit for certain developers of single-family residences that incur development costs and that sell or rent qualified residences to individuals who meet certain income thresholds. Sets forth the amount of the credit. Effective immediately.

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A BILL FOR

AN ACT concerning revenue.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. The Illinois Income Tax Act is amended by adding Section 241 as follows:

(35 ILCS 5/241 new)

Sec. 241. Middle-income Housing Development Tax Credit Pilot Program.

(a) For taxable years ending on or after December 31, 2024 and ending on or before December 31, 2027, each taxpayer that is a developer of a qualified residence and that invests up to $200,000 in development costs associated with the qualified residence may apply to the Authority for a credit against the taxes imposed by subsections (a) and (b) of Section 201 in an amount set forth in subsection (b).

(b) The amount of the credit shall be calculated as follows:

(1) if the qualified residence is sold or rented to one or more individuals with a combined household income that exceeds 80% of the median household income in Illinois but does not exceed 90% of the median household income in Illinois, then the credit is equal to 20% of the development costs associated with the qualified residence

but not to exceed $40,000 for that qualified residence;

(2) if the qualified residence is sold or rented to one or more individuals with a combined household income that exceeds 90% of the median household income in Illinois but does not exceed 110% of the median household income in Illinois, then the credit is equal to 15% of the development costs associated with the qualified residence but not to exceed $30,000 for that qualified residence; and

(3) if the qualified residence is sold or rented to one or more individuals with a combined household income that exceeds 110% of the median household income in Illinois but does not exceed 120% of the median household income in Illinois, then the credit is equal to 20% of the development costs associated with the qualified residence but not to exceed $20,000 for that qualified residence.

The Authority shall determine the median household income in Illinois using data compiled by the United States Census Bureau. Development costs that are paid for using federal, State, or local incentives that do not require repayment are not included as qualifying investments and shall not be included when calculating the tax credit award amount under this Section.

(c) The Authority may not issue more than $50,000,000 in credits under this Section. Of the total credits awarded under this Section, 35% must be for qualified residences located in a county with 100,000 or more residents and 350,000 or fewer residents. Each qualified residence may qualify for only one credit during the taxable year in which the residence is first sold or rented. No taxpayer may receive more than $2,000,000 in credits under this Section for any one project.

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

(e) If the taxpayer is a partnership or Subchapter S corporation, the credit is allowed to pass through to the partners and shareholders as provided in Section 251. Credits may also be transferred during the 5 taxable years after the taxable year in which the credit is claimed.

(f) The Authority shall adopt rules to implement and administer this Section, including rules concerning applications for the tax credit. A taxpayer claiming a credit under this Section must maintain and record any information that the Authority may require regarding the development project for which the credit is claimed.

(g) As used in this Section:

"Authority" means the Illinois Housing Development Authority.

"Developer" includes for-profit and non-profit developers, as well as land banks.

"Development costs" means any costs associated with the construction or rehabilitation of a qualified residence.

"Household" means all persons using the qualified residence as their principal place of residence upon the sale or lease of the qualified residence by the developer.

"Household income" means the combined federal adjusted gross income of the members of the household for the taxable year immediately preceding the year in which the qualified residence is sold or rented to the members of the household.

"Qualified residence" means a single-family residence that (i) is new construction or has been rehabilitated with $30,000 or more in rehabilitative development costs incurred by the taxpayer and (ii) is sold or rented pursuant to a contract with a term of one year or longer to one or more individuals with a combined household income that exceeds 80% of the median household income in Illinois but does not exceed 120% of the median household income in Illinois. The residence must also have at least a $1,000 local match investment.

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