

1 AN ACT concerning taxes.

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

4 Section 5. The Illinois Housing Development Act is
5 amended by changing Section 7.28 as follows:

6 (20 ILCS 3805/7.28)

7 Sec. 7.28. Tax credit for donation to sponsors. The
8 ~~Illinois--Housing--Development~~ Authority may administer and
9 adopt rules for an affordable housing tax donation credit
10 program to provide tax credits for donations ~~to sponsors of~~
11 ~~affordable-housing-projects~~ as set forth in this Section.

12 (a) In this Section:

13 "Administrative housing agency" means either the ~~Illinois~~
14 ~~Housing-Development~~ Authority or an agency of the City of
15 Chicago.

16 "Affordable housing project" means either (i) a rental
17 project in which at least 25% of the units have rents
18 (including tenant-paid heat) that do not exceed, on a monthly
19 basis, maximum gross rent figures, as published by the
20 Authority, that are: (i) based on data published annually by
21 the U.S. Department of Housing and Urban Development, (ii)
22 based on the annual income of households earning 60% of the
23 area median income, (iii) computed using a 30% of the gross
24 monthly income standard and (iv) adjusted for unit size of--a
25 ~~household--earning-60%-of-the-area-median-income~~ and at least
26 25% of the units are occupied by persons and families whose
27 incomes do not exceed 60% of the median family income for the
28 geographic area in which the residential unit is located or
29 (ii) a unit for sale to homebuyers whose gross household
30 income is at or below 60% of the area median income and who
31 pay no more than 30% of their gross household income for

1 mortgage principal, interest, property taxes, and property
2 insurance (PITI).

3 "Donation" means money, securities, or real or personal
4 property that is donated to a not-for-profit sponsor that is
5 used solely for costs associated with either (i) purchasing,
6 constructing, or rehabilitating an affordable housing project
7 in this State, (ii) an employer-assisted housing project in
8 this State, (iii) general operating support, or (iv)
9 technical assistance as defined by this Section.

10 "Employer-assisted housing project" means either
11 down-payment assistance, reduced-interest mortgages, mortgage
12 guarantee programs, rental subsidies, or individual
13 development account savings plans that are provided by
14 employers to employees to assist in securing affordable
15 housing near the work place, that are restricted to housing
16 near the work place, and that are restricted to employees
17 whose gross household income is at or below 120% of the area
18 median income.

19 "General operating support" means any cost incurred by a
20 sponsor that is a part of its general program costs and is
21 not limited to costs directly incurred by the affordable
22 housing project.

23 "Geographical area" means the metropolitan area or county
24 designated as an area by the federal Department of Housing
25 and Urban Development under Section 8 of the United States
26 Housing Act of 1937, as amended, for purposes of determining
27 fair market rental rates.

28 "Median income" means the incomes that are determined by
29 the federal Department of Housing and Urban Development
30 guidelines and adjusted for family size.

31 "Project" means an affordable housing project, an
32 employer-assisted housing project, general operating support,
33 or technical assistance.

34 "Sponsor" means a not-for-profit organization that (i) is

1 organized as a not-for-profit organization under the laws of
 2 this State or another state and (1) for an affordable housing
 3 project, has as one of its purposes the development of
 4 affordable housing; (2) for an employer-assisted housing
 5 project, has as one of its purposes home ownership education;
 6 and (3) for a technical assistance project, has as one of its
 7 purposes either the development of affordable housing or home
 8 ownership education under--the--General--Not---For---Profit
 9 Corporation--Act--of--1986-for-the-purpose-of-constructing-or
 10 rehabilitating-affordable-housing-units-in-this--State; (ii)
 11 is organized for the purpose of constructing or
 12 rehabilitating affordable housing units and has been issued a
 13 ruling from the Internal Revenue Service of the United States
 14 Department of the Treasury that the organization is exempt
 15 from income taxation under provisions of the Internal Revenue
 16 Code; or (iii) is an organization designated as a community
 17 development corporation by the United States government under
 18 Title VII of the Economic Opportunity Act of 1964.

19 "Tax credit" means a tax credit allowed under Section 214
 20 of the Illinois Income Tax Act.

21 "Technical assistance" means any cost incurred by a
 22 sponsor for project planning, assistance with applying for
 23 financing, or counseling services provided to prospective
 24 homebuyers.

25 (b) A sponsor must apply to an the administrative
 26 housing agency ~~that administers the program~~ for approval of
 27 the project. The administrative housing agency must reserve a
 28 specific amount of tax credits for each approved affordable
 29 housing project ~~for 24 months after the date of approval.~~
 30 ~~The sponsor must receive an eligible donation within that~~
 31 ~~24-month time period or donations to the project made after~~
 32 ~~the end of the 24-month period are not eligible for the tax~~
 33 ~~credit allowed under Section 214 of the Illinois Income Tax~~
 34 Act. Tax credits for general operating support can only be

1 reserved as part of a reservation of tax credits for an
 2 affordable housing project, an employer-assisted housing
 3 project, or technical assistance. No tax credits shall be
 4 allowed for a project without a reservation of such tax
 5 credits by an administrative housing agency for that project.

6 (c) The Illinois--Housing--Development Authority must
 7 adopt rules establishing criteria for eligible costs and
 8 donations, issuing and verifying tax credits, and selecting
 9 affordable--housing projects that are eligible for a tax
 10 credit under Section 214 of the Illinois Income Tax Act.

11 (d) Tax credits for employer-assisted housing projects
 12 are limited to that pool of tax credits that have been set
 13 aside for employer-assisted housing. Tax credits for general
 14 operating support are limited to 10% of the total tax credit
 15 reservation for the related project (other than general
 16 operating support) allocation for--a--project and are also
 17 limited to that pool of tax credits that have been set aside
 18 for general operating support. Tax credits for technical
 19 assistance are limited to that pool of tax credits that have
 20 been set aside for technical assistance.

21 (e) The amount of tax credits reserved by the
 22 administrative housing agency for an approved project is
 23 limited to \$13 million in the initial year and shall increase
 24 each year by 5%. The City of Chicago shall receive 24.5% of
 25 total tax credits authorized for each fiscal year. The
 26 Illinois-Housing--Development Authority shall receive the
 27 balance of the tax credits authorized for each fiscal year.
 28 The tax credits may be used anywhere in this the State. The
 29 tax credits have the following set-asides:

- 30 (1) for employer-assisted housing projects, \$2
- 31 million; and
- 32 (2) for general operating support and technical
- 33 assistance, \$1 million.

34 The balance of the funds must be used for affordable

1 ~~housing~~ projects that would otherwise meet the definition of
 2 ~~affordable housing~~. During the first 9 months of a fiscal
 3 year, if an administrative housing agency is unable to
 4 reserve the tax credits set aside for the purposes described
 5 in subsection (e), the administrative housing agency may
 6 reserve the tax credits for any approved projects.

7 (f) The administrative housing agency that reserves tax
 8 credits for an affordable housing project ~~issues the credit~~
 9 must record against the land upon which the affordable
 10 housing project is located an instrument to assure that the
 11 property maintains its affordable housing compliance for a
 12 minimum of 10 years. The ~~housing~~ Authority has flexibility to
 13 assure that the instrument does not cause undue hardship on
 14 homeowners.

15 (Source: P.A. 92-491, eff. 8-23-01.)

16 Section 10. The Illinois Income Tax Act is amended by
 17 changing Section 214 as follows:

18 (35 ILCS 5/214)

19 Sec. 214. Tax credit for affordable housing donations.

20 (a) Beginning with taxable years ending on or after
 21 December 31, 2001 and until the taxable year ending on
 22 December 31, 2006, a taxpayer who makes a donation under
 23 Section 7.28 of the Illinois Housing Development Act ~~for the~~
 24 ~~development of affordable housing in this State~~ is entitled
 25 to a credit against the tax imposed by subsections (a) and
 26 (b) of Section 201 in an amount equal to 50% of the value of
 27 the donation. Partners, shareholders of subchapter S
 28 corporations, and owners of limited liability companies (if
 29 the limited liability company is treated as a partnership for
 30 purposes of federal and State income taxation) are entitled a
 31 credit under this Section to be determined in accordance with
 32 the determination of income and distributive share of income

1 under Sections 702 and 703 and subchapter S of the Internal
2 Revenue Code. Persons or entities not subject to the tax
3 imposed by subsections (a) and (b) of Section 201 and who
4 make a donation under Section 7.28 of the Illinois Housing
5 Development Act are entitled to a credit as described in this
6 subsection and may transfer that credit as described in
7 subsection (c).

8 (b) If the amount of the credit exceeds the tax
9 liability for the year, the excess may be carried forward and
10 applied to the tax liability of the 5 taxable years following
11 the excess credit year. The tax credit shall be applied to
12 the earliest year for which there is a tax liability. If
13 there are credits for more than one year that are available
14 to offset a liability, the earlier credit shall be applied
15 first.

16 (c) The transfer of the tax credit allowed under this
17 Section may be made (i) to the purchaser of land that has
18 been designated solely for affordable housing projects in
19 accordance with the Illinois Housing Development Act or (ii)
20 to another donor who has also made a ~~an-eligible~~ donation ~~to~~
21 ~~the--sponsor--of--an-affordable-housing-project~~ in accordance
22 with Section 7.28 of the Illinois Housing Development Act.

23 (d) A taxpayer claiming the credit provided by this
24 Section must maintain and record any information that the
25 Department may require by regulation regarding the affordable
26 housing project for which the credit is claimed. When
27 claiming the credit provided by this Section, the taxpayer
28 must provide information regarding the taxpayer's donation to
29 the project ~~development--of--affordable--housing~~ under the
30 Illinois Housing Development Act.

31 (Source: P.A. 92-491, eff. 8-23-01.)

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