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 219 as follows:

(35 ILCS 5/219 new)

Sec. 219. Venture capital tax credit.

(a) Beginning in taxable year 2010 and through taxable year 2014, each taxpayer who makes an investment in a qualified venture capital fund in Illinois is entitled to a credit against the tax imposed under subsections (a) and (b) of Section 201 of this Act. For the purposes of this Section, a "qualified venture capital fund" is a fund (i) with its primary office in Illinois and (ii) that has at least 50% of the total number of investments in its portfolio in eligible companies based in Illinois. For the purposes of this Section, an eligible company is a company that meets one or more of the following criteria:

(1) the company is located in an enterprise zone, a River Edge Redevelopment Zone, or a federally designated Foreign Trade Zone or Sub-Zone;

(2) the company is a minority-owned business or a female-owned business, as defined in the Business

Enterprise for Minorities, Females, and Persons with Disabilities Act;

(3) the company has been in existence for 4 years or less;

(4) the company is engaged in manufacturing; or

(5) the company's products, services, or operations encourage the conservation of water, energy, or both.

(b) The credit shall be in the amount of (i) 10% of the taxpayer's investment if the investment is made in an eligible company that meets one of the criteria set forth in items (1) through (5) of subsection (a) and (ii) 20% of the taxpayer's investment if the investment is made in an eligible company that meets more than one of the criteria set forth in items (1) through (5) of subsection (a). The credit shall be taken in the taxable year in which the qualified venture capital fund makes the investment in the eligible business.

(c) A credit under this Section shall not reduce that taxpayer's income tax liability to less than zero. If the amount of the tax 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 credit must be applied to the earliest year for which there is a tax liability. If there are credits from more than one tax year that are available to offset a liability, then the earlier credit must be applied first.

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