

SB2534



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

SB2534

Introduced 1/12/2010, by Sen. James F. Clayborne, Jr.

SYNOPSIS AS INTRODUCED:

20 ILCS 663/20
20 ILCS 663/25

Amends the New Markets Development Program Act. Increases the annual cap on credits from \$10,000,000 to \$40,000,000. Effective July 1, 2010.

LRB096 17408 HLH 32761 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

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

4 Section 5. The New Markets Development Program Act is
5 amended by changing Sections 20 and 25 as follows:

6 (20 ILCS 663/20)

7 Sec. 20. Annual cap on credits. The Department shall limit
8 the monetary amount of qualified equity investments permitted
9 under this Act to a level necessary to limit tax credit use at
10 no more than \$40,000,000 ~~\$10,000,000~~ of tax credits in any
11 fiscal year. This limitation on qualified equity investments
12 shall be based on the anticipated use of credits without regard
13 to the potential for taxpayers to carry forward tax credits to
14 later tax years.

15 (Source: P.A. 95-1024, eff. 12-31-08.)

16 (20 ILCS 663/25)

17 Sec. 25. Certification of qualified equity investments.

18 (a) A qualified community development entity that seeks to
19 have an equity investment or long-term debt security designated
20 as a qualified equity investment and eligible for tax credits
21 under this Section shall apply to the Department. The qualified
22 community development entity must submit an application on a

1 form that the Department provides that includes:

2 (1) The name, address, tax identification number of the
3 entity, and evidence of the entity's certification as a
4 qualified community development entity.

5 (2) A copy of the allocation agreement executed by the
6 entity, or its controlling entity, and the Community
7 Development Financial Institutions Fund.

8 (3) A certificate executed by an executive officer of
9 the entity attesting that the allocation agreement remains
10 in effect and has not been revoked or cancelled by the
11 Community Development Financial Institutions Fund.

12 (4) A description of the proposed amount, structure,
13 and purchaser of the equity investment or long-term debt
14 security.

15 (5) The name and tax identification number of any
16 taxpayer eligible to utilize tax credits earned as a result
17 of the issuance of the qualified equity investment.

18 (6) Information regarding the proposed use of proceeds
19 from the issuance of the qualified equity investment.

20 (7) A nonrefundable application fee of \$5,000. This fee
21 shall be paid to the Department and shall be required of
22 each application submitted.

23 (b) Within 30 days after receipt of a completed application
24 containing the information necessary for the Department to
25 certify a potential qualified equity investment, including the
26 payment of the application fee, the Department shall grant or

1 deny the application in full or in part. If the Department
2 denies any part of the application, it shall inform the
3 qualified community development entity of the grounds for the
4 denial. If the qualified community development entity provides
5 any additional information required by the Department or
6 otherwise completes its application within 15 days of the
7 notice of denial, the application shall be considered completed
8 as of the original date of submission. If the qualified
9 community development entity fails to provide the information
10 or complete its application within the 15-day period, the
11 application remains denied and must be resubmitted in full with
12 a new submission date.

13 (c) If the application is deemed complete, the Department
14 shall certify the proposed equity investment or long-term debt
15 security as a qualified equity investment that is eligible for
16 tax credits under this Section, subject to the limitations
17 contained in Section 20. The Department shall provide written
18 notice of the certification to the qualified community
19 development entity. The notice shall include the names of those
20 taxpayers who are eligible to utilize the credits and their
21 respective credit amounts. If the names of the taxpayers who
22 are eligible to utilize the credits change due to a transfer of
23 a qualified equity investment or a change in an allocation
24 pursuant to Section 15, the qualified community development
25 entity shall notify the Department of such change.

26 (d) The Department shall certify qualified equity

1 investments in the order applications are received by the
2 Department. Applications received on the same day shall be
3 deemed to have been received simultaneously. For applications
4 received on the same day and deemed complete, the Department
5 shall certify, consistent with remaining tax credit capacity,
6 qualified equity investments in proportionate percentages
7 based upon the ratio of the amount of qualified equity
8 investment requested in an application to the total amount of
9 qualified equity investments requested in all applications
10 received on the same day.

11 (e) Once the Department has certified qualified equity
12 investments that, on a cumulative basis, are eligible for
13 \$40,000,000 ~~\$10,000,000~~ in tax credits, the Department may not
14 certify any more qualified equity investments. If a pending
15 request cannot be fully certified, the Department shall certify
16 the portion that may be certified unless the qualified
17 community development entity elects to withdraw its request
18 rather than receive partial credit.

19 (f) Within 30 days after receiving notice of certification,
20 the qualified community development entity shall issue the
21 qualified equity investment and receive cash in the amount of
22 the certified amount. The qualified community development
23 entity must provide the Department with evidence of the receipt
24 of the cash investment within 10 business days after receipt.
25 If the qualified community development entity does not receive
26 the cash investment and issue the qualified equity investment

1 within 30 days following receipt of the certification notice,
2 the certification shall lapse and the entity may not issue the
3 qualified equity investment without reapplying to the
4 Department for certification. A certification that lapses
5 reverts back to the Department and may be reissued only in
6 accordance with the application process outline in this Section
7 25.

8 (Source: P.A. 95-1024, eff. 12-31-08.)

9 Section 99. Effective date. This Act takes effect July 1,
10 2010.