



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB3582

Introduced 2/24/2011, by Rep. Jehan A. Gordon

#### SYNOPSIS AS INTRODUCED:

30 ILCS 105/5.786 new  
35 ILCS 5/221 new  
65 ILCS 115/10-2  
65 ILCS 115/10-5.3

Amends the Illinois Income Tax Act. Creates a credit in an amount equal to 25% of qualified expenditures incurred by a qualified taxpayer during the taxable year in the restoration and preservation of a qualified historic structure located in a River Edge Redevelopment Zone pursuant to a qualified rehabilitation plan. Defines "qualified taxpayer", "qualified historic structure", and "qualified rehabilitation plan". Provides that the credit may be carried forward until the tenth taxable year after the qualified rehabilitation plan was placed in service. Amends the River Edge Redevelopment Zone Act. Provides that, until December 31, 2012, the Department may certify one additional River Edge Redevelopment Zone in the City of Peoria. Effective immediately.

LRB097 06427 HLH 46509 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

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 State Finance Act is amended by adding  
5 Section 5.786 as follows:

6 (30 ILCS 105/5.786 new)

7 Sec. 5.786. The Historic Property Administrative Fund.

8 Section 10. The Illinois Income Tax Act is amended by  
9 adding Section 221 as follows:

10 (35 ILCS 5/221 new)

11 Sec. 221. Rehabilitation costs; qualified historic  
12 properties; River Edge Redevelopment Zone.

13 (a) For taxable years beginning on or after January 1,  
14 2012, there shall be allowed a tax credit against the tax  
15 imposed by subsections (a) and (b) of Section 201 in an amount  
16 equal to 25% of qualified expenditures incurred by a qualified  
17 taxpayer during the taxable year in the restoration and  
18 preservation of a qualified historic structure located in a  
19 River Edge Redevelopment Zone pursuant to a qualified  
20 rehabilitation plan, provided that the total amount of such  
21 expenditures (i) must equal \$5,000 or more and (ii) must exceed

1 50% of the purchase price of the property.

2 (b) To obtain a tax credit pursuant to this Section, the  
3 taxpayer must apply with the Department of Commerce and  
4 Economic Opportunity no later than 6 months after the effective  
5 date of this amendatory Act of the 97th General Assembly. The  
6 Department of Commerce and Economic Opportunity, in  
7 consultation with the Historic Preservation Agency, shall  
8 determine the amount of eligible rehabilitation costs and  
9 expenses. The Historic Preservation Agency shall determine  
10 whether the rehabilitation is consistent with the standards of  
11 the Secretary of the United States Department of the Interior  
12 for rehabilitation. Upon completion and review of the project,  
13 the Department of Commerce and Economic Opportunity shall issue  
14 a certificate in the amount of the eligible credits. At the  
15 time the certificate is issued, an issuance fee up to the  
16 maximum amount of 2% of the amount of the credits issued by the  
17 certificate may be collected from the applicant to administer  
18 the provisions of this Section. If collected, this issuance fee  
19 shall be deposited into the Historic Property Administrative  
20 Fund, a special fund created in the State treasury. Subject to  
21 appropriation, moneys in the Historic Property Administrative  
22 Fund shall be evenly divided between the Department of Commerce  
23 and Economic Opportunity and the Historic Preservation Agency  
24 to reimburse the Department of Commerce and Economic  
25 Opportunity and the Historic Preservation Agency for the costs  
26 associated with administering this Section. The taxpayer must

1 attach the certificate to the tax return on which the credits  
2 are to be claimed.

3 (c) The tax credit under this Section may not reduce the  
4 taxpayer's liability to less than zero. If the amount of any  
5 tax credit awarded under this Section exceeds the qualified  
6 taxpayer's income tax liability for the year in which the  
7 qualified rehabilitation plan was placed in service, the excess  
8 amount may be carried forward for deduction from the taxpayer's  
9 income tax liability in the next succeeding year or years until  
10 the total amount of the credit has been used, except that a  
11 credit may not be carried forward for deduction after the tenth  
12 taxable year after the taxable year in which the qualified  
13 rehabilitation plan was placed in service.

14 (d) As used in this Section, the following terms have the  
15 following meanings.

16 "Qualified expenditure" means all the costs and expenses  
17 defined as qualified rehabilitation expenditures under Section  
18 47 of the federal Internal Revenue Code that were incurred in  
19 connection with a qualified historic structure.

20 "Qualified historic structure" means a certified historic  
21 structure as defined under Section 47 (c)(3) of the federal  
22 Internal Revenue Code.

23 "Qualified rehabilitation plan" means a project that is  
24 approved by the Historic Preservation Agency as being  
25 consistent with the standards in effect on the effective date  
26 of this amendatory Act of the 97th General Assembly for

1 rehabilitation as adopted by the federal Secretary of the  
2 Interior.

3 "Qualified taxpayer" means the owner of the qualified  
4 historic structure or any other person who qualifies for the  
5 federal rehabilitation credit allowed by Section 47 of the  
6 federal Internal Revenue Code with respect to that qualified  
7 historic structure. If the taxpayer is (i) a corporation having  
8 an election in effect under Subchapter S of the federal  
9 Internal Revenue Code, (ii) a partnership, or (iii) a limited  
10 liability company, the credit provided under this Act may be  
11 claimed by the shareholders of the corporation, the partners of  
12 the partnership, or the members of the limited liability  
13 company in the same manner as those shareholders, partners, or  
14 members account for their proportionate shares of the income or  
15 losses of the corporation, partnership, or limited liability  
16 company, or as provided in the by-laws or other executed  
17 agreement of the corporation, partnership, or limited  
18 liability company. Credits granted to a partnership, a limited  
19 liability company taxed as a partnership, or other multiple  
20 owners of property shall be passed through to the partners,  
21 members, or owners respectively on a pro rata basis or pursuant  
22 to an executed agreement among the partners, members, or owners  
23 documenting any alternate distribution method.

24 Section 15. The River Edge Redevelopment Zone Act is  
25 amended by changing Sections 10-2 and 10-5.3 as follows:

1 (65 ILCS 115/10-2)

2 Sec. 10-2. Findings. The General Assembly finds and  
3 declares that those municipalities adjacent to or surrounding  
4 river areas often lack critical tools to safely revive and  
5 redevelop environmentally-challenged properties that will  
6 stimulate economic revitalization and create jobs in Illinois.  
7 Environmentally-challenged properties adjacent to or  
8 surrounding Illinois rivers are a threat to the health, safety,  
9 and welfare of the people of this State. Many of these  
10 environmentally-challenged properties adjacent to or  
11 surrounding rivers were former industrial areas that now,  
12 subject to appropriate environmental clean-up and remediation,  
13 would be ideal for office, residential, retail, hospitality,  
14 commercial, recreational, warehouse and distribution, and  
15 other economically productive uses. The cost of the cleaning  
16 and remediation of these environmentally-challenged properties  
17 is often the primary obstacle to returning these properties to  
18 a safe and economically productive use.

19 Cooperative and continuous partnership among the State,  
20 through the Department of Commerce and Economic Opportunity and  
21 the Environmental Protection Agency, municipalities adjacent  
22 to or surrounding rivers, and the private sector is necessary  
23 to appropriately encourage the cost-effective cleaning and  
24 remediation of these environmentally-challenged properties in  
25 order to bring about a safe and economically productive use of

1 the properties.

2 Therefore, it is declared to be the purpose of this Act to  
3 identify and initiate 3 pilot River Edge Redevelopment Zones to  
4 stimulate the safe and cost-effective re-use of  
5 environmentally-challenged properties adjacent to or  
6 surrounding rivers by means of tax incentives or grants. On or  
7 after the effective date of this amendatory Act of the 97th  
8 General Assembly and until December 31, 2012, the Department  
9 may certify an additional River Edge Redevelopment Zone in the  
10 City of Peoria.

11 (Source: P.A. 94-1021, eff. 7-12-06; 94-1022, eff. 7-12-06.)

12 (65 ILCS 115/10-5.3)

13 Sec. 10-5.3. Certification of River Edge Redevelopment  
14 Zones.

15 (a) Approval of designated River Edge Redevelopment Zones  
16 shall be made by the Department by certification of the  
17 designating ordinance. The Department shall promptly issue a  
18 certificate for each zone upon its approval. The certificate  
19 shall be signed by the Director of the Department, shall make  
20 specific reference to the designating ordinance, which shall be  
21 attached thereto, and shall be filed in the office of the  
22 Secretary of State. A certified copy of the River Edge  
23 Redevelopment Zone Certificate, or a duplicate original  
24 thereof, shall be recorded in the office of the recorder of  
25 deeds of the county in which the River Edge Redevelopment Zone

1 lies.

2 (b) A River Edge Redevelopment Zone shall be effective upon  
3 its certification. The Department shall transmit a copy of the  
4 certification to the Department of Revenue, and to the  
5 designating municipality. Upon certification of a River Edge  
6 Redevelopment Zone, the terms and provisions of the designating  
7 ordinance shall be in effect, and may not be amended or  
8 repealed except in accordance with Section 10-5.4.

9 (c) A River Edge Redevelopment Zone shall be in effect for  
10 the period stated in the certificate, which shall in no event  
11 exceed 30 calendar years. Zones shall terminate at midnight of  
12 December 31 of the final calendar year of the certified term,  
13 except as provided in Section 10-5.4.

14 (d) In calendar years 2006 and 2007, the Department may  
15 certify one pilot River Edge Redevelopment Zone in the City of  
16 East St. Louis, one pilot River Edge Redevelopment Zone in the  
17 City of Rockford, and one pilot River Edge Redevelopment Zone  
18 in the City of Aurora.

19 In calendar year 2009, the Department may certify one pilot  
20 River Edge Redevelopment Zone in the City of Elgin.

21 On or after the effective date of this amendatory Act of  
22 the 97th General Assembly and until December 31, 2012, the  
23 Department may certify one additional River Edge Redevelopment  
24 Zone in the City of Peoria.

25 Thereafter the Department may not certify any additional  
26 River Edge Redevelopment Zones, but may amend and rescind



1 certifications of existing River Edge Redevelopment Zones in  
2 accordance with Section 10-5.4.

3 (e) A municipality in which a River Edge Redevelopment Zone  
4 has been certified must submit to the Department, within 60  
5 days after the certification, a plan for encouraging the  
6 participation by minority persons, females, persons with  
7 disabilities, and veterans in the zone. The Department may  
8 assist the municipality in developing and implementing the  
9 plan. The terms "minority person", "female", and "person with a  
10 disability" have the meanings set forth under Section 2 of the  
11 Business Enterprise for Minorities, Females, and Persons with  
12 Disabilities Act. "Veteran" means an Illinois resident who is a  
13 veteran as defined in subsection (h) of Section 1491 of Title  
14 10 of the United States Code.

15 (Source: P.A. 96-37, eff. 7-13-09.)

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