

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 Illinois Income Tax Act is amended by  
5 changing Section 220 as follows:

6 (35 ILCS 5/220)

7 Sec. 220. Angel investment credit.

8 (a) As used in this Section:

9 "Applicant" means a corporation, partnership, limited  
10 liability company, or a natural person that makes an investment  
11 in a qualified new business venture. The term "applicant" does  
12 not include a corporation, partnership, limited liability  
13 company, or a natural person who has a direct or indirect  
14 ownership interest of at least 51% in the profits, capital, or  
15 value of the investment or a related member.

16 "Claimant" means an applicant certified by the Department  
17 who files a claim for a credit under this Section.

18 "Department" means the Department of Commerce and Economic  
19 Opportunity.

20 "Qualified new business venture" means a business that is  
21 registered with the Department under this Section.

22 "Related member" means a person that, with respect to the  
23 investment, is any one of the following:

1           (1) An individual, if the individual and the members of  
2           the individual's family (as defined in Section 318 of the  
3           Internal Revenue Code) own directly, indirectly,  
4           beneficially, or constructively, in the aggregate, at  
5           least 50% of the value of the outstanding profits, capital,  
6           stock, or other ownership interest in the applicant.

7           (2) A partnership, estate, or trust and any partner or  
8           beneficiary, if the partnership, estate, or trust and its  
9           partners or beneficiaries own directly, indirectly,  
10          beneficially, or constructively, in the aggregate, at  
11          least 50% of the profits, capital, stock, or other  
12          ownership interest in the applicant.

13          (3) A corporation, and any party related to the  
14          corporation in a manner that would require an attribution  
15          of stock from the corporation under the attribution rules  
16          of Section 318 of the Internal Revenue Code, if the  
17          applicant and any other related member own, in the  
18          aggregate, directly, indirectly, beneficially, or  
19          constructively, at least 50% of the value of the  
20          corporation's outstanding stock.

21          (4) A corporation and any party related to that  
22          corporation in a manner that would require an attribution  
23          of stock from the corporation to the party or from the  
24          party to the corporation under the attribution rules of  
25          Section 318 of the Internal Revenue Code, if the  
26          corporation and all such related parties own, in the

1 aggregate, at least 50% of the profits, capital, stock, or  
2 other ownership interest in the applicant.

3 (5) A person to or from whom there is attribution of  
4 stock ownership in accordance with Section 1563(e) of the  
5 Internal Revenue Code, except that for purposes of  
6 determining whether a person is a related member under this  
7 paragraph, "20%" shall be substituted for "5%" whenever  
8 "5%" appears in Section 1563(e) of the Internal Revenue  
9 Code.

10 (b) For taxable years beginning after December 31, 2010,  
11 and ending on or before December 31, 2016, subject to the  
12 limitations provided in this Section, a claimant may claim, as  
13 a credit against the tax imposed under subsections (a) and (b)  
14 of Section 201 of this Act, an amount equal to 25% of the  
15 claimant's investment made directly in a qualified new business  
16 venture. In order for an investment in a qualified new business  
17 venture to be eligible for tax credits, the business must have  
18 applied for and received certification under subsection (e) for  
19 the taxable year in which the investment was made prior to the  
20 date on which the investment was made. The credit under this  
21 Section may not exceed the taxpayer's Illinois income tax  
22 liability for the taxable year. If the amount of the credit  
23 exceeds the tax liability for the year, the excess may be  
24 carried forward and applied to the tax liability of the 5  
25 taxable years following the excess credit year. The credit  
26 shall be applied to the earliest year for which there is a tax

1 liability. If there are credits from more than one tax year  
2 that are available to offset a liability, the earlier credit  
3 shall be applied first. In the case of a partnership or  
4 Subchapter S Corporation, the credit is allowed to the partners  
5 or shareholders in accordance with the determination of income  
6 and distributive share of income under Sections 702 and 704 and  
7 Subchapter S of the Internal Revenue Code.

8 (c) The maximum amount of an applicant's investment that  
9 may be used as the basis for a credit under this Section is  
10 \$2,000,000 for each investment made directly in a qualified new  
11 business venture.

12 (d) The Department shall implement a program to certify an  
13 applicant for an angel investment credit. Upon satisfactory  
14 review, the Department shall issue a tax credit certificate  
15 stating the amount of the tax credit to which the applicant is  
16 entitled. The Department shall annually certify that the  
17 claimant's investment has been made and remains in the  
18 qualified new business venture for no less than 3 years.

19 If an investment for which a claimant is allowed a credit  
20 under subsection (b) is held by the claimant for less than 3  
21 years, or, if within that period of time the qualified new  
22 business venture is moved from the State of Illinois, the  
23 claimant shall pay to the Department of Revenue, in the manner  
24 prescribed by the Department of Revenue, the amount of the  
25 credit that the claimant received related to the investment.

26 (e) The Department shall implement a program to register

1 qualified new business ventures for purposes of this Section. A  
2 business desiring registration shall submit an application to  
3 the Department in each taxable year for which the business  
4 desires registration. The Department may register the business  
5 only if the business satisfies all of the following conditions:

6 (1) it has its headquarters in this State;

7 (2) at least 51% of the employees employed by the  
8 business are employed in this State;

9 (3) it has the potential for increasing jobs in this  
10 State, increasing capital investment in this State, or  
11 both, and either of the following apply:

12 (A) it is principally engaged in innovation in any  
13 of the following: manufacturing; biotechnology;  
14 nanotechnology; communications; agricultural sciences;  
15 clean energy creation or storage technology;  
16 processing or assembling products, including medical  
17 devices, pharmaceuticals, computer software, computer  
18 hardware, semiconductors, other innovative technology  
19 products, or other products that are produced using  
20 manufacturing methods that are enabled by applying  
21 proprietary technology; or providing services that are  
22 enabled by applying proprietary technology; or

23 (B) it is undertaking pre-commercialization  
24 activity related to proprietary technology that  
25 includes conducting research, developing a new product  
26 or business process, or developing a service that is

1 principally reliant on applying proprietary  
2 technology;

3 (4) it is not principally engaged in real estate  
4 development, insurance, banking, lending, lobbying,  
5 political consulting, professional services provided by  
6 attorneys, accountants, business consultants, physicians,  
7 or health care consultants, wholesale or retail trade,  
8 leisure, hospitality, transportation, or construction,  
9 except construction of power production plants that derive  
10 energy from a renewable energy resource, as defined in  
11 Section 1 of the Illinois Power Agency Act;

12 (5) at the time it is first certified:

13 (A) it has fewer than 100 employees;

14 (B) it has been in operation in Illinois for not  
15 more than 10 consecutive years prior to the year of  
16 certification; and

17 (C) it has received not more than \$10,000,000 in  
18 aggregate private equity investment in cash;

19 (6) (blank); ~~it has been in operation in Illinois for~~  
20 ~~not more than 10 consecutive years prior to the year of~~  
21 ~~certification; and~~

22 (7) it has received not more than ~~(i) \$10,000,000 in~~  
23 ~~aggregate private equity investment in cash or (ii)~~  
24 \$4,000,000 in investments that qualified for tax credits  
25 under this Section.

26 (f) The Department, in consultation with the Department of

1 Revenue, shall adopt rules to administer this Section. The  
2 aggregate amount of the tax credits that may be claimed under  
3 this Section for investments made in qualified new business  
4 ventures shall be limited at \$10,000,000 per calendar year.

5 (g) A claimant may not sell or otherwise transfer a credit  
6 awarded under this Section to another person.

7 (h) On or before March 1 of each year, the Department shall  
8 report to the Governor and to the General Assembly on the tax  
9 credit certificates awarded under this Section for the prior  
10 calendar year.

11 (1) This report must include, for each tax credit  
12 certificate awarded:

13 (A) the name of the claimant and the amount of  
14 credit awarded or allocated to that claimant;

15 (B) the name and address of the qualified new  
16 business venture that received the investment giving  
17 rise to the credit and the county in which the  
18 qualified new business venture is located; and

19 (C) the date of approval by the Department of the  
20 applications for the tax credit certificate.

21 (2) The report must also include:

22 (A) the total number of applicants and amount for  
23 tax credit certificates awarded under this Section in  
24 the prior calendar year;

25 (B) the total number of applications and amount for  
26 which tax credit certificates were issued in the prior

1 calendar year; and

2 (C) the total tax credit certificates and amount  
3 authorized under this Section for all calendar years.

4 (Source: P.A. 96-939, eff. 1-1-11; 97-507, eff. 8-23-11.)

5 Section 10. The Business Location Efficiency Incentive Act  
6 is amended by adding Section 21 as follows:

7 (35 ILCS 11/21 new)

8 Sec. 21. Continuation of Act; validation.

9 (a) The General Assembly finds and declares that:

10 (1) Public Act 97-636, which takes effect on June 1,  
11 2012, changed the repeal date set for the Business Location  
12 Efficiency Incentive Act from December 31, 2011 to December  
13 31, 2016.

14 (2) The Statute on Statutes sets forth general rules on  
15 the repeal of statutes and the construction of multiple  
16 amendments, but Section 1 of that Act also states that  
17 these rules will not be observed when the result would be  
18 "inconsistent with the manifest intent of the General  
19 Assembly or repugnant to the context of the statute".

20 (3) This amendatory Act of the 97th General Assembly  
21 manifests the intention of the General Assembly to extend  
22 the repeal of the Business Location Efficiency Incentive  
23 Act and have the Business Location Efficiency Incentive Act  
24 continue in effect until December 31, 2016.



1           (4) The Business Location Efficiency Incentive Act was  
2           originally enacted to protect, promote, and preserve the  
3           general welfare. Any construction of this Act that results  
4           in the repeal of this Act on December 31, 2011 would be  
5           inconsistent with the manifest intent of the General  
6           Assembly and repugnant to the context of the Business  
7           Location Efficiency Incentive Act.

8           (b) It is hereby declared to have been the intent of the  
9           General Assembly that the Business Location Efficiency  
10           Incentive Act not be subject to repeal on December 31, 2011.

11           (c) The Business Location Efficiency Incentive Act shall be  
12           deemed to have been in continuous effect since January 1, 2007  
13           (the effective date of Public Act 94-966), and it shall  
14           continue to be in effect henceforward until it is otherwise  
15           lawfully repealed. All previously enacted amendments to the Act  
16           taking effect on or after December 31, 2011, are hereby  
17           validated.

18           (d) All actions taken in reliance on or pursuant to the  
19           Business Location Efficiency Incentive Act by the Department of  
20           Revenue, the Department of Commerce and Economic Opportunity,  
21           or any other person or entity are hereby validated.

22           (e) In order to ensure the continuing effectiveness of the  
23           Business Location Efficiency Incentive Act, it is set forth in  
24           full and re-enacted by this amendatory Act of the 97th General  
25           Assembly. This re-enactment is intended as a continuation of  
26           the Act. It is not intended to supersede any amendment to the

1 Act that is enacted by the 97th General Assembly.

2 (f) The Business Location Efficiency Incentive Act applies  
3 to all claims, civil actions, and proceedings pending on or  
4 filed on or before the effective date of this Act.

5 Section 15. The Business Location Efficiency Incentive Act  
6 is re-enacted as follows:

7 (35 ILCS 11/Act title)

8 An Act concerning business incentives.

9 (35 ILCS 11/1)

10 (Section scheduled to be repealed on December 31, 2011)

11 Sec. 1. Short title. This Act may be cited as the Business  
12 Location Efficiency Incentive Act.

13 (Source: P.A. 94-966, eff. 1-1-07.)

14 (35 ILCS 11/5)

15 (Section scheduled to be repealed on December 31, 2011)

16 Sec. 5. Definitions. In this Act:

17 "Location efficient" means a project that maximizes the use  
18 of existing investments in infrastructure, avoids or minimizes  
19 additional government expenditures for new infrastructure, and  
20 has nearby housing affordable to the permanent workforce of the  
21 project or has accessible and affordable mass transit or its  
22 equivalent or some combination of both.

1 "Location efficiency report" means a report that is  
2 prepared by an applicant for increased State economic  
3 development assistance under Section 10 and follows this Act  
4 and any related Department guidelines, and that describes the  
5 existence of (i) affordable workforce housing or (ii)  
6 accessible and affordable mass transit or its equivalent.

7 "Employee housing or transportation remediation plan"  
8 means a plan to increase affordable housing or transportation  
9 options, or both, for employees earning up to the median annual  
10 salary of the workforce at the project. The plan may include,  
11 but is not limited to, an employer-financed or assisted housing  
12 program that can be supplemented by State or federal grants,  
13 shuttle services between the place of employment and existing  
14 transit stops or other reasonably accessible places,  
15 facilitation of employee carpooling, or similar services.

16 "Accessible and affordable mass transit" means access to  
17 transit stops with regular and frequent service within one mile  
18 from the project site and pedestrian access to transit stops.

19 "Affordable workforce housing" means owner-occupied or  
20 rental housing that costs, based on current census data for the  
21 municipality where the project is located or any municipality  
22 within 3 miles of the municipality where the project is  
23 located, no more than 35% of the median salary at the project  
24 site, exclusive of the highest 10% of the site's salaries. If  
25 the project is located in an unincorporated area, "affordable  
26 workforce housing" means no more than 35% of the median salary

1 at the project site, excluding the highest 10% of the site's  
2 salaries, based on the median cost of rental or of  
3 owner-occupied housing in the county where the unincorporated  
4 area is located.

5 "Department" means the Department of Commerce and Economic  
6 Opportunity (DCEO) or its successor agency.

7 "Applicant" means a company or its representative that  
8 negotiates or applies for economic development assistance from  
9 DCEO.

10 "Economic development assistance" means State tax credits  
11 and tax exemptions given as an incentive to an eligible company  
12 after certification by DCEO under the Economic Development for  
13 a Growing Economy Tax Credit Act (EDGE).

14 "Existence of infrastructure" means the existence within  
15 1,500 feet of the proposed site of roads, sewers, sidewalks,  
16 and other utilities and a description of the investments or  
17 improvements, if any, that an applicant expects State or local  
18 government to make to that infrastructure.

19 (Source: P.A. 94-966, eff. 1-1-07.)

20 (35 ILCS 11/10)

21 (Section scheduled to be repealed on December 31, 2011)

22 Sec. 10. Economic development assistance awards.

23 (a) An applicant that also wants to be considered for  
24 increased economic development assistance under this Act shall  
25 submit a location efficiency report.

1 (b) DCEO may give an applicant an increased tax credit or  
2 extension if the applicant's location efficiency report  
3 demonstrates that the applicant is seeking assistance for a  
4 project to be located in an area that satisfies this Act's  
5 standards for affordable workforce housing or affordable and  
6 accessible mass transit. If the Department determines from the  
7 location efficiency report that the applicant is seeking  
8 assistance in an area that is not location efficient, the  
9 Department may award an increase in State economic development  
10 assistance if an applicant (i) submits, and the Department  
11 accepts, an applicant's employee housing and transportation  
12 remediation plan or (ii) creates jobs in a labor surplus area  
13 as defined by the Department of Employment Security at the end  
14 of each calendar year.

15 (c) Applicants locating or expanding at location-efficient  
16 sites, with approved location efficiency plans, or creating  
17 jobs in labor surplus areas may receive (i) up to 10% more than  
18 the maximum allowable tax credits for which they are eligible  
19 under the Economic Development for a Growing Economy Tax Credit  
20 Act (EDGE), but not to equal or exceed 100% of the applicant's  
21 tax liability, or (ii) such other adjustment of those tax  
22 credits, including but not limited to extensions, as the  
23 Department deems appropriate.

24 (d) The Department may provide technical assistance to  
25 employers requesting assistance in developing an appropriate  
26 employee housing or transportation plan.

1 (Source: P.A. 94-966, eff. 1-1-07.)

2 (35 ILCS 11/15)

3 (Section scheduled to be repealed on December 31, 2011)

4 Sec. 15. Summaries; progress reports.

5 (a) DCEO shall include summaries of the initial employee  
6 housing or transportation plans for each assisted project in  
7 the annual compilation and publication of project progress  
8 reports required under subsection (d) of Section 20 of the  
9 Corporate Accountability for Tax Expenditures Act. Companies  
10 that fail to do so or that make inadequate progress shall have  
11 their increased tax credit or extension eliminated. Applicants  
12 and submitted data are subject to all disclosure, reporting,  
13 and recapture provisions set forth in Public Act 93-552.

14 (b) By June 1, 2008 and by June 1 of each year thereafter  
15 through 2011, the Department shall include, when appropriate,  
16 data on the outcomes or status of approved employee housing or  
17 transportation plans in the project progress reports required  
18 under the Corporate Accountability for Tax Expenditure Act.

19 (Source: P.A. 94-966, eff. 1-1-07.)

20 (35 ILCS 11/20)

21 (Section scheduled to be repealed on December 31, 2011)

22 Sec. 20. Duration of incentives; report to General  
23 Assembly.

24 (a) Any multi-year incentive awarded under this Act shall

1 continue for the time period called for in the agreement with  
2 the Department and shall not be altered by the repeal of this  
3 Act.

4 (b) By January 1, 2011, the Department shall submit to the  
5 Speaker of the House of Representatives and the President of  
6 the Senate, for assignment to the appropriate committees, a  
7 report on the incentives awarded under this Act and the  
8 Department's activities, findings, and recommendations with  
9 respect to this Act and its extension, amendment, or repeal.  
10 The report, when acted upon by those committees, shall be  
11 distributed to each member of the General Assembly.

12 (Source: P.A. 94-966, eff. 1-1-07.)

13 (35 ILCS 11/25)

14 (Section scheduled to be repealed on December 31, 2011)

15 Sec. 25. Repeal. This Act is repealed on December 31, 2016.

16 (Source: P.A. 97-636, eff. 6-1-12.)

17 (35 ILCS 11/99)

18 (Section scheduled to be repealed on December 31, 2011)

19 Sec. 99. Effective date. This Act takes effect January 1,  
20 2007.

21 (Source: P.A. 94-966, eff. 1-1-07.)

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