



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

SB1409

Introduced 2/6/2013, by Sen. James F. Clayborne, Jr.

#### SYNOPSIS AS INTRODUCED:

65 ILCS 115/10-15 new  
30 ILCS 105/5.829 new

Amends the River Edge Redevelopment Zone Act. Provides that the incremental income tax attributable to a new employee of an individual, partnership, corporation, or other entity that develops within certain specified river edge redevelopment zones shall be deposited into the Riverfront Development Fund. Provides that moneys in the Fund shall be used by the Department of Commerce and Economic Opportunity to make grants to eligible developers for infrastructure improvements. Sets limits on the grants. Amends the State Finance Act to create the Riverfront Development Fund. Effective immediately.

LRB098 09872 OMW 40030 b

1 AN ACT concerning local government.

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

4 Section 5. The River Edge Redevelopment Zone Act is amended  
5 by adding Section 10-15 as follows:

6 (65 ILCS 115/10-15 new)

7 Sec. 10-15. Riverfront Development Fund.

8 (a) Purpose. The General Assembly has determined that it is  
9 in the interest of the State of Illinois to promote development  
10 that will protect, promote, and improve the riverfront areas of  
11 a financially distressed city designated under the Financially  
12 Distressed City Law.

13 (b) Definitions. As used in this Section:

14 "Agreement" means the agreement between an eligible  
15 employer and the Department under the provisions of  
16 subsection (f) of this Section.

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

19 "Director" means the Director of Commerce and Economic  
20 Opportunity.

21 "Eligible developer" means an individual, partnership,  
22 corporation, or other entity that develops within a river  
23 edge redevelopment zone that is located within a

1 municipality designated as a financially distressed city.

2 "Eligible employer" means an individual, partnership,  
3 corporation, or other entity that employs full-time  
4 employees within a river edge redevelopment zone that is  
5 located within a municipality designated as a financially  
6 distressed city.

7 "Full-time employee" means an individual who is  
8 employed for consideration for at least 35 hours each week  
9 or who renders any other standard of service generally  
10 accepted by industry custom or practice as full-time  
11 employment. An individual for whom a W-2 is issued by a  
12 Professional Employer Organization (PEO) is a full-time  
13 employee if employed in the service of the eligible  
14 employer for consideration for at least 35 hours each week  
15 or who renders any other standard of service generally  
16 accepted by industry custom or practice as full-time  
17 employment.

18 "Incremental income tax" means the total amount  
19 withheld from the compensation of new employees under  
20 Article 7 of the Illinois Income Tax Act arising from  
21 employment by an eligible employer.

22 "Infrastructure" means roads, access roads, streets,  
23 bridges, sidewalks, water and sewer line extensions, water  
24 distribution and purification facilities, waste disposal  
25 systems, sewage treatment facilities, stormwater drainage  
26 and retention facilities, gas and electric utility line

1 extensions, or other improvements that are essential to the  
2 development of the project that is the subject of an  
3 agreement.

4 "New employee" means a full-time employee first  
5 employed by an eligible employer in the project that is the  
6 subject of an agreement between the Department and an  
7 eligible developer and who is hired after the eligible  
8 developer enters into the agreement, but does not include:

9 (1) an employee of the eligible employer who  
10 performs a job that (i) existed for at least 6 months  
11 before the employee was hired and (ii) was previously  
12 performed by another employee;

13 (2) an employee of the eligible employer who was  
14 previously employed in Illinois by a related member of  
15 the eligible employer and whose employment was shifted  
16 to the eligible employer after the eligible employer  
17 entered into the agreement; or

18 (3) a child, grandchild, parent, or spouse, other  
19 than a spouse who is legally separated from the  
20 individual, of any individual who has a direct or an  
21 indirect ownership interest of at least 5% in the  
22 profits, capital, or value of the eligible employer.

23 Notwithstanding item (2) of this definition, an  
24 employee may be considered a new employee under the  
25 agreement if the employee performs a job that was  
26 previously performed by an employee who was:

1           (A) treated under the agreement as a new employee;  
2           and  
3           (B) promoted by the eligible employer to another  
4           job.

5           "Professional Employer Organization" (PEO) means an  
6           employee leasing company, as defined in Section  
7           206.1(A) (2) of the Illinois Unemployment Insurance Act.

8           "Related member" means a person or entity that, with  
9           respect to the eligible employer during any portion of the  
10           taxable year, is any one of the following:

11           (1) an individual stockholder, if the stockholder  
12           and the members of the stockholder's family (as defined  
13           in Section 318 of the Internal Revenue Code) own  
14           directly, indirectly, beneficially, or constructively,  
15           in the aggregate, at least 50% of the value of the  
16           eligible employer's outstanding stock;

17           (2) a partnership, estate, or trust and any partner  
18           or beneficiary, if the partnership, estate, or trust,  
19           and its partners or beneficiaries own directly,  
20           indirectly, or beneficially, or constructively, in the  
21           aggregate, at least 50% of the profits, capital, stock,  
22           or value of the eligible employer;

23           (3) a corporation, and any party related to the  
24           corporation in a manner that would require an  
25           attribution of stock from the corporation to the party  
26           or from the party to the corporation under the

1 attribution rules of Section 318 of the Internal  
2 Revenue Code, if the taxpayer owns directly,  
3 indirectly, beneficially, or constructively at least  
4 50% of the value of the corporation's outstanding  
5 stock;

6 (4) a corporation and any party related to that  
7 corporation in a manner that would require an  
8 attribution of stock from the corporation to the party  
9 or from the party to the corporation under the  
10 attribution rules of Section 318 of the Internal  
11 Revenue Code, if the corporation and all such related  
12 parties own in the aggregate at least 50% of the  
13 profits, capital, stock, or value of the eligible  
14 employer; or

15 (5) a person to or from whom there is attribution  
16 of stock ownership in accordance with Section 1563(e)  
17 of the Internal Revenue Code, except, for purposes of  
18 determining whether a person is a related member under  
19 this definition, 20% shall be substituted for 5%  
20 wherever 5% appears in Section 1563(e) of the Internal  
21 Revenue Code.

22 (c) The Riverfront Development Fund. The Riverfront  
23 Development Fund is created as a special fund in the State  
24 treasury. As soon as possible after the first day of each  
25 month, upon certification of the Department of Revenue, the  
26 Comptroller shall order transferred and the Treasurer shall

1 transfer from the General Revenue Fund to the Riverfront  
2 Development Fund an amount equal to the incremental income tax  
3 for the previous month attributable to a project that is the  
4 subject of an agreement.

5 (d) Grants from the Riverfront Development Fund. In State  
6 fiscal years 2012 through 2021, all moneys in the Riverfront  
7 Development Fund, held solely for the benefit of eligible  
8 developers, shall be appropriated to the Department to make  
9 infrastructure grants to eligible developers pursuant to  
10 agreements.

11 (e) Limitation on grant amounts. The total amount of a  
12 grant to an eligible developer shall not exceed the lesser of:

13 (1) \$3,000,000 in each State fiscal year; or

14 (2) the total amount of infrastructure costs incurred  
15 by the eligible developer with respect to a project that is  
16 the subject of an agreement.

17 No eligible developer shall receive moneys that are  
18 attributable to a project that is not the subject of the  
19 developer's agreement with the Department.

20 (f) Agreements with applicants. The Department shall enter  
21 into an agreement with an eligible developer who is entitled to  
22 grants under this Section. The agreement must include all of  
23 the following:

24 (1) A detailed description of the project that is the  
25 subject of the agreement, including the location of the  
26 project, the number of jobs created by the project, and

1 project costs. For purposes of this subsection, "project  
2 costs" includes the costs of the project incurred or to be  
3 incurred by the eligible developer, including  
4 infrastructure costs, but excludes the value of State or  
5 local incentives, including tax increment financing and  
6 deductions, credits, or exemptions afforded to an employer  
7 located in an enterprise zone.

8 (2) A requirement that the eligible developer shall  
9 maintain operations at the project location, stated as a  
10 minimum number of years not to exceed 10 years.

11 (3) A specific method for determining the number of new  
12 employees attributable to the project.

13 (4) A requirement that the eligible developer shall  
14 report monthly to the Department and the Department of  
15 Revenue the number of new employees and the incremental  
16 income tax withheld in connection with the new employees.

17 (5) A requirement that the Department is authorized to  
18 verify with the Department of Revenue the amounts reported  
19 under paragraph (4).

20 Section 10. The State Finance Act is amended by adding  
21 Section 5.829 as follows:

22 (30 ILCS 105/5.829 new)

23 Sec. 5.829. The Riverfront Development Fund.

24 Section 99. Effective date. This Act takes effect upon



1 becoming law.