



Sen. James F. Clayborne, Jr.

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1 AMENDMENT TO SENATE BILL 517

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 517 by replacing  
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the  
5 Targeted Tax Credit Act.

6 Section 5. Purpose. The General Assembly finds that the  
7 Illinois economy is highly vulnerable to other states that have  
8 financial incentive programs for business relocations. Because  
9 of the incentive programs of these competitor locations,  
10 Illinois must move aggressively with new business development  
11 tools so that Illinois is more competitive in site location  
12 decision-making. The State must not only continue to work with  
13 firms to help them locate their new plants and facilities in  
14 this State, but must also provide competitive location tax  
15 credits in support of the location and expansion of operations  
16 of commerce and industry. Illinois must create an atmosphere to

1 retain talent within its borders to maintain a global  
2 competitiveness. In an increasingly global economy, Illinois  
3 would benefit from rational and strategic use of State  
4 resources in support of business development, business  
5 retention, and growth.

6 Additionally, there are areas within Illinois' borders  
7 that have struggled to combat long-term joblessness and are in  
8 need of special business assistance to restore their status as  
9 viable economic units that are able to keep and attract  
10 business with the rational use of tax credits. It is no longer  
11 acceptable for these economic pockets to remain economically  
12 unproductive, impoverished, and underdeveloped.

13 Furthermore, the State must do more to encourage  
14 entrepreneurship and small business growth with the transfer of  
15 tax credits to the small business sector. This will cause  
16 ripple effects and strong secondary economic growth with  
17 further investment and job creation in Illinois. New and  
18 expanding industries have economic benefits beyond the jobs and  
19 income generated by original investments. These small business  
20 enterprises have historically provided a major source of new  
21 jobs in this State and their efforts must be vigorously  
22 supported.

23 Section 10. Definitions. As used in this Act:

24 "Agreement" means the agreement between a taxpayer and the  
25 Department.

1 "Applicant" means a taxpayer that is operating a business,  
2 or plans to operate a business, in this State and is engaged in  
3 interstate or intrastate commerce for the purpose of  
4 manufacturing, processing, assembling, warehousing, or  
5 distributing products, conducting research and development,  
6 providing tourism services, office industries, or agricultural  
7 processing, excluding retail, retail food, health, or  
8 professional services. "Applicant" does not include a taxpayer  
9 who closes or substantially reduces an operation at one  
10 location in this State and relocates substantially the same  
11 operation to another location in this State. This does not  
12 prohibit a taxpayer from expanding its operations at another  
13 location in the State, provided the existing operations of a  
14 similar location within the State are not closed or  
15 substantially reduced. This also does not prohibit a taxpayer  
16 from moving its operations from one location in this State to  
17 another location in this State for the purpose of expanding its  
18 operations, provided that the Department determines that the  
19 expansion cannot reasonably be accommodated within the  
20 municipality in which the business is located, or in the case  
21 of a business located in an incorporated area of the county,  
22 within the county in which the business is located, after  
23 conferring with the chief elected official of the municipality  
24 or county and taking into consideration any evidence offered by  
25 the municipality or county regarding the ability to accommodate  
26 expansion within the municipality or county.

1 "Border county" means any county in this State sharing a  
2 boundary with another state.

3 "Census tract" means a geographic unit whose boundaries are  
4 determined by the United States Census Bureau.

5 "Committee" means the Targeted Tax Credit Committee.

6 "Credit" means the amount agreed to between the Department  
7 and the applicant under this Act, but not to exceed the  
8 incremental income tax attributable to the applicant's  
9 project.

10 "Department" means the Department of Commerce and Economic  
11 Opportunity.

12 "Director" means the Director of Commerce and Economic  
13 Opportunity.

14 "Full-time employee" means an individual who is employed  
15 for consideration for at least 35 hours each week or who  
16 renders any other standard of service generally accepted by  
17 industry custom or practice as full-time employment.  
18 Vacations, paid holidays, and sick time are included in this  
19 computation. Overtime is not considered a part of regular  
20 hours. An individual for whom a W-2 is issued by a Professional  
21 Employment Organization is a full-time employee if employed in  
22 the service of the applicant for consideration for at least 35  
23 hours each week or who renders any other standard of service  
24 generally accepted by industry custom or practice as full-time  
25 employment to the applicant.

26 "Incremental income tax" means the total amount withheld

1 during the taxable year from the compensation of new employees  
2 under Article 7 of the Illinois Income Tax Act arising from  
3 employment at a project that is the subject of an agreement.

4 "New employee".

5 (1) "New employee" means a full-time employee first  
6 employed by a taxpayer in a project that is the subject of  
7 an agreement and who is hired after the taxpayer enters  
8 into the tax credit agreement.

9 (2) "New employee" does not include:

10 (A) an employee of the taxpayer who performs a job  
11 that was previously performed by another employee of  
12 that job;

13 (B) an employee of the taxpayer employed for at  
14 least 6 months before hiring the employee or an  
15 individual previously employed in Illinois by a  
16 related member of the taxpayer and whose employment was  
17 shifted to the taxpayer after the taxpayer entered into  
18 the tax credit agreement; or

19 (C) a child, grandchild, parent, or spouse not  
20 legally separated from the individual, of any  
21 individual who has a direct or an indirect ownership  
22 interest of at least 5% in the profits, capital, or  
23 value of the taxpayer.

24 (3) Notwithstanding subparagraph (A) of paragraph (2)  
25 of this definition, an employee may be considered a new  
26 employee under the agreement if the employee performs a job

1 that was previously performed by an employee who was:

2 (A) treated under the agreement as a new  
3 employee; and

4 (B) promoted by the taxpayer to another job.

5 (4) Notwithstanding paragraph (1) of this definition,  
6 the Department may award a credit to an applicant for an  
7 employee hired prior to the date of the agreement if:

8 (A) the applicant receives a letter from the  
9 Department stating an intent to enter into a credit  
10 agreement;

11 (B) the letter described in subparagraph (A)  
12 is issued by the Department no later than 15 days after  
13 the effective date of this Act; and

14 (C) the employee was hired after the date the  
15 letter described in subparagraph (A) was issued.

16 "Noncompliance date" means the day following the last date  
17 upon which the taxpayer was in compliance with the requirements  
18 of the agreement and the provisions of this Act, as determined  
19 by the Director under Section 75.

20 "Pass-through entity" means an entity that is exempt from  
21 the tax under subsection (b) or (c) of Section 205 of the  
22 Illinois Income Tax Act.

23 "Professional Employer Organization" or "PEO" means an  
24 employee leasing company as defined in Section 206.1 of the  
25 Unemployment Insurance Act.

26 "Qualifying border county" is a border county with an

1 unemployment rate that is at least 120% of any adjoining county  
2 located outside of this State.

3 "Qualifying census tract" is a census tract with an  
4 unemployment rate that is at least 120% of the unemployment  
5 rate of this State.

6 "Qualifying small business" is a small business that has  
7 increased employment over the employment levels of its previous  
8 2 tax years.

9 "Related member" means a person who, with respect to the  
10 taxpayer during any portion of the taxable year, is any one of  
11 the following:

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

17 (2) a partnership, estate, or trust and any partner or  
18 beneficiary if, in the aggregate, at least 50% of the  
19 profits, capital, stock, or value of the taxpayer are owned  
20 directly, indirectly, beneficially, or constructively;

21 (3) a corporation and any party related to the  
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 taxpayer  
26 owns directly, indirectly, beneficially, or constructively

1 at least 50% of the value of the corporation's outstanding  
2 stock;

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

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

17 "Rule" means each agency statement of general  
18 applicability that implements, applies, interprets, or  
19 prescribes law or policy, but does not include: (i) statements  
20 concerning only the internal management of an agency and not  
21 affecting private rights or procedures available to persons or  
22 entities outside the agency; (ii) intra-agency memoranda; or  
23 (iii) the prescription of standardized forms.

24 "Small business" means any for-profit entity,  
25 independently owned and operated, that has 500 or fewer  
26 full-time employees.



1 "Taxpayer" means an individual, corporation, partnership,  
2 or other entity that has any Illinois income tax liability.

3 Section 15. Powers of the Department. The Department, in  
4 addition to those powers granted under the Civil Administrative  
5 Code of Illinois, is granted powers necessary to carry out the  
6 provisions of this Act, including, but not limited to, power  
7 to:

8 (1) Promulgate procedures, rules, or regulations  
9 deemed necessary for the administration of the programs,  
10 establish forms for applications, notifications,  
11 contracts, or any other agreements, and accept  
12 applications.

13 (2) Assist taxpayers under this Act and cooperate with  
14 taxpayers that are parties to agreements in order to  
15 promote, foster, and support economic development, capital  
16 investment, and job creation or retention within this  
17 State.

18 (3) Enter into agreements and memoranda of  
19 understanding for participation with federal government  
20 agencies, local units of government, universities,  
21 research foundations or institutions, regional economic  
22 development corporations, or other organizations for the  
23 purposes of this Act.

24 (4) Gather information and conduct inquiries,  
25 including, but not limited to, information concerning

1 applicants for the purpose of making any necessary  
2 designations or certifications or to gather information to  
3 assist the Committee with any recommendations in the  
4 furtherance of the purposes of this Act.

5 (5) Establish, negotiate, and effectuate any term,  
6 agreement, or other document with any person, and to  
7 consent, subject to the provisions of any agreement with  
8 another party, to the modification of any agreement to  
9 which the Department is a party.

10 (6) Fix, determine, charge, and collect any premiums,  
11 fees, charges, costs, and expenses from applicants,  
12 including, but not limited to, any application fees,  
13 commitment fees, program fees, tax credit transfer fees,  
14 financing charges, any reasonable fees to defray the cost  
15 of certifying eligible applicants, publication fees to pay  
16 expenses for the administration, staffing, or operation of  
17 the Department's or Committee's activities under this Act,  
18 or preparation, implementation, and enforcement of the  
19 terms of an agreement, or for consultation, advisory and  
20 legal fees, and other costs. The Department shall determine  
21 the amount of the fees and the payment schedule. The amount  
22 of the fees need not be uniform among the various programs  
23 administered; however, all fees shall be the  
24 responsibility of the applicant.

25 (7) Provide sufficient personnel to permit  
26 administration, staffing, operation, and related

1 contractual support from funds made available through  
2 charges to applicants, acquired through other means, or  
3 funds as may be appropriated by the General Assembly for  
4 the administration of products or services under this Act.

5 (8) Require applicants, upon written request, to issue  
6 any necessary authorization to the appropriate federal,  
7 State, or local authority for the release of information  
8 concerning a project being considered under the provisions  
9 of this Act, including, but not be limited to, financial  
10 reports, returns, or records relating to taxpayers or their  
11 projects. All applicants must consent to have any written  
12 agreement posted on the Department's website.

13 (9) Require that a taxpayer shall at all times keep  
14 proper books of record and account in accordance with  
15 generally accepted accounting principles consistently  
16 applied for the books, records, or papers related to the  
17 agreement in the custody or control of the taxpayer and  
18 open for reasonable Department inspection and audits,  
19 including, but not limited to, the making of copies of the  
20 books, records, or papers, and the inspection or appraisal  
21 of any of the taxpayer or project assets.

22 (10) Take whatever actions necessary to protect the  
23 State's interest in the event of bankruptcy, default,  
24 foreclosure, or noncompliance with the terms and  
25 conditions of financial assistance or participation  
26 required under this Act, including the power to sell,

1           dispose, lease, or rent real or personal property that the  
2           Department may receive as a result of these actions.

3           Section 20. Tax credit awards.

4           (a) Subject to the conditions set forth in this Act, a  
5           taxpayer is entitled to a credit against or, as described in  
6           subsection (g) of this Section, a payment towards taxes imposed  
7           under subsections (a) and (b) of Section 201 of the Illinois  
8           Income Tax Act that may be imposed on the taxpayer for a  
9           taxable year beginning on or after January 1, 2017, if the  
10          taxpayer is awarded a credit by the Department under this Act  
11          for that taxable year.

12          (b) The Department shall make credit awards under this Act  
13          to foster job creation and retention in Illinois.

14          (c) A person that proposes a project to create new jobs in  
15          Illinois must enter into an agreement with the Department for  
16          the credit under this Act.

17          (d) The credit shall be claimed for the taxable years  
18          specified in the agreement.

19          (e) The credit shall not exceed the incremental income tax  
20          attributable to the project that is the subject of the  
21          agreement.

22          (f) Nothing herein shall prohibit a tax credit award to an  
23          applicant that uses a PEO if all other award criteria are  
24          satisfied.

25          (g) A pass-through entity, or its shareholders or partners,

1 that have been awarded a credit under this Act may treat some  
2 or all of the credit awarded as a tax payment for purposes of  
3 the Illinois Income Tax Act. For purposes of this subsection  
4 (g), the term "tax payment" means a payment under Article 6 or  
5 Article 8 of the Illinois Income Tax Act or a composite payment  
6 made by a pass-through entity on behalf of any of its  
7 shareholders or partners to satisfy such shareholders' or  
8 partners' taxes imposed under subsections (a) and (b) of  
9 Section 201 of the Illinois Income Tax Act. In no event shall  
10 the amount of the award credited under this Act exceed the  
11 Illinois income tax liability of the pass-through entity, or  
12 its shareholders or partners, for the taxable year.

13 (h) Tax credits awarded under this Act may be sold,  
14 assigned, or transferred, in whole or in part, to an Illinois  
15 small business taxpayer, subject to the following conditions:

16 (1) A taxpayer awarded an income tax credit under this  
17 Act may make only a single sale, assignment, or transfer of  
18 the tax credit earned in a taxable year; however, the  
19 credit may be sold, assigned, or transferred to one or more  
20 transferees.

21 (2) The tax credit earned by the transferor may be  
22 transferred before the due date, including extensions, of  
23 the Illinois income tax return of the transferor. The  
24 amount of the credit transferred to the transferee or  
25 transferees may not exceed the amount of the credit earned  
26 by the transferor in the transferor's taxable year.

1           (3) Written request for the transfer or sale of credits  
2 awarded under this Act shall be submitted to the  
3 Department. The Department shall provide by rule the  
4 information required to be provided in such written  
5 notification.

6           (4) The transfer or sale of tax credits under this  
7 subsection does not extend the time during which those tax  
8 credits can be used. The carry-forward period for a tax  
9 credit that is transferred or sold shall begin on the date  
10 on which the tax credit was originally issued.

11           (5) A transferee shall have only those rights to claim  
12 and use the credit that were available to the taxpayer that  
13 earned the credit, except that credits sold or transferred  
14 may not be used against a transferee's withholding tax  
15 liability.

16           (6) If the taxpayer earning the credit fails to comply  
17 with the terms and requirements of the agreement, and,  
18 under this Act, notice is provided to the Department of  
19 Revenue of the taxpayer's non-compliance, the Department  
20 shall hold the transferor liable for any tax, penalty, or  
21 interest due as a result of noncompliance with the  
22 agreement.

23           Section 25. Tax credit transfer. The Department shall  
24 establish a tax credit exchange to allow taxpayers that are a  
25 party to an agreement to negotiate with qualifying small

1 businesses. A one-time transfer of any credits earned is  
2 allowed. Credits may be transferred to more than one qualifying  
3 small business. The Department must certify that a small  
4 business is qualified before they may enter the exchange. The  
5 Department shall charge a fee for such transfer.

6 Section 30. Application for a project to create and retain  
7 new jobs.

8 (a) Any taxpayer proposing a project located or planned to  
9 be located in a qualifying border county or qualifying census  
10 tract, or proposing a project having a direct and substantial  
11 employment impact on such counties or census tracts, may  
12 request consideration for designation of its project by formal  
13 written letter of request and by formal application to the  
14 Department, in which the applicant states its intent to make at  
15 least a specified level of investment and intends to hire,  
16 retain, or both hire and retain a specified number of full-time  
17 employees at a designated location in Illinois. Retention is  
18 necessary only in cases in which there is an existing facility.  
19 The Department shall require a formal application from an  
20 applicant and a formal letter of request for assistance.

21 (b) In order to qualify for credits under this Act, an  
22 applicant's project must be located in a qualifying border  
23 county or qualifying census tract or have a direct and  
24 substantial employment impact on such counties or census tracts  
25 and:

1           (1) involve an investment of at least \$5,000,000 in  
2 capital improvements to be placed in service and employ at  
3 least 25 new employees within this State as a direct result  
4 of the project;

5           (2) involve an investment, in an amount expressly  
6 specified by the Department, in capital improvements to be  
7 placed in service and employ, in at least an amount  
8 expressly specified by the Department, new employees  
9 within this State, provided that the Department or the  
10 Committee has determined that the project will provide a  
11 substantial economic benefit to this State and either a  
12 qualifying border county or a qualifying census tract; this  
13 shall be established using econometric modeling; or

14           (3) if the applicant has 100 or fewer employees,  
15 involve an investment of at least \$1,000,000 in capital  
16 improvements to be placed in service and employ at least 5  
17 new employees within this State as a direct result of the  
18 project.

19           (c) After receipt of an application, the Department may  
20 enter into an agreement with the applicant if the application  
21 is approved in accordance with Section 35.

22           Section 35. Review of application.

23           (a) The Targeted Tax Credit Review Committee is hereby  
24 created and shall be composed of the following 5 members:

25           (1) the Director of the Department of Commerce and



1 Economic Opportunity or his or her designee;

2 (2) the Director of the Governor's Office of Management  
3 and Budget, or his or her designee;

4 (3) the Director of the Department of Revenue, or his  
5 or her designee;

6 (4) the State Treasurer, or his or her designee; and

7 (5) an individual who is the chief executive officer of  
8 a not-for-profit economic development corporation,  
9 appointed by the Governor.

10 (b) The Director shall serve as Chairman of the Committee  
11 and all members, except the State Treasurer, shall serve at the  
12 pleasure of the Governor.

13 (c) The Committee shall convene on a quarterly basis to  
14 review all applications received that are requesting tax  
15 credits in excess of \$10,000,000 over a 10-year period. It  
16 shall conduct studies, econometric modeling, review  
17 information with respect to applicants, and make decisions for  
18 projects to benefit this State, all in a manner it deems  
19 necessary. The Department shall provide, or contract to  
20 provide, staff and resources necessary for the review process.  
21 The Committee shall compare and evaluate each application based  
22 upon the total economic impact on the border county or census  
23 tract and this State. In making its decision that an  
24 applicant's application for tax credits should or should not be  
25 approved, the Committee shall determine that the following  
26 conditions exist:

1           (1) The applicant's project is located in a qualifying  
2 border county or qualifying census tract or has a direct  
3 and substantial employment impact on such counties or  
4 census tracts.

5           (2) The applicant's project intends, as required by  
6 subsection (b) of Section 30, to make the required  
7 investment in this State and intends to hire the required  
8 number of new employees in Illinois as a result of that  
9 project.

10          (3) The applicant's project is economically sound and  
11 will benefit the people of this State by increasing  
12 opportunities for employment and strengthening the economy  
13 of this State.

14          (4) The political subdivisions affected by the project  
15 have committed local incentives with respect to the  
16 project, considering local ability to assist.

17          (5) Awarding the credit will result in an overall  
18 positive fiscal impact to this State, as certified by the  
19 Committee using the best available data.

20          (6) The credit is not prohibited by Section 45 of this  
21 Act.

22          (7) The jobs to be created or retained must meet or  
23 exceed the median income in the county where the project is  
24 located by 20%.

25          For applicants requesting tax credits of \$10,000,000 or  
26 less over a 10-year period, in making its decision that an

1 applicant's application for tax credits should or should not be  
2 approved, the Department shall determine whether the  
3 conditions set forth in paragraphs (1) through (7) exist.

4 (d) For applicants that are requesting tax credits in  
5 excess of \$10,000,000 over a 10-year period, a majority of the  
6 Committee shall determine whether an application is approved or  
7 denied. For applicants requesting tax credits of \$10,000,000 or  
8 less over a 10-year period, the Department shall determine  
9 whether an application is approved or denied.

10 (e) For applicants that are requesting tax credits in  
11 excess of \$10,000,000 over a 10-year period, if it is  
12 determined by the Director that a project has a substantial  
13 benefit to this State, the Director shall have the power to  
14 call special meetings of the Committee upon due notice.

15 Section 40. Limitation to amount of costs of specified  
16 items. The total amount of the credit allowed during all tax  
17 years may not exceed the aggregate amount of costs incurred by  
18 the taxpayer during all prior tax years for the following  
19 items, to the extent provided in the agreement:

20 (1) capital investment, including, but not limited to,  
21 equipment, buildings, or land;

22 (2) infrastructure development;

23 (3) debt service, except refinancing of current debt;

24 (4) research and development;

25 (5) job training and education;

- 1           (6) lease costs; or  
2           (7) relocation costs.

3           Section 45. Relocation of jobs in Illinois. A taxpayer is  
4 not entitled to claim a credit with respect to any jobs that  
5 the Taxpayer relocates from one site in Illinois to another  
6 site in Illinois. Moreover, any full-time employee of an  
7 eligible business relocated to Illinois in connection with that  
8 qualifying project is deemed to be a new employee for purposes  
9 of this Act. Determinations under this Section shall be made by  
10 the Department.

11           Section 50. Determination of amount of the credit. In  
12 determining the amount of the credit that should be awarded,  
13 the Committee or, in the case of requests for tax credits of  
14 \$10,000,000 or less over a 10-year period, the Department shall  
15 take into consideration all of the following factors:

- 16           (1) the number and location of jobs created or retained  
17 in relation to the economy of the qualifying border county  
18 or qualifying census tract and where the projected  
19 investment is to occur;  
20           (2) the amount of the credit requested by the taxpayer;  
21           (3) the potential impact on the economy of Illinois;  
22           (4) the quality of the jobs to be created or retained  
23 in the area, including, but not limited to, how much the  
24 jobs created or retained exceed the median income, benefits

- 1 in the county, and the quality of the employee benefits;
- 2 (5) the incremental payroll attributable to the  
3 project;
- 4 (6) the capital investment attributable to the  
5 project;
- 6 (7) the costs to Illinois and to the affected political  
7 subdivisions with respect to the project; and
- 8 (8) the financial assistance that is otherwise  
9 provided by Illinois and the affected political  
10 subdivisions.

11 Section 55. Amount and duration of the credit. The  
12 Committee or, in the case of requests for tax credits of  
13 \$10,000,000 or less over a 10-year period, the Department shall  
14 determine the specific amount of tax credits awarded under this  
15 Act each fiscal year. The agreements executed in any fiscal  
16 year for applications requesting \$10,000,000 or less over a  
17 10-year period shall not exceed a maximum 10-year commitment of  
18 \$50,000,000. The duration of the credit may not exceed 10  
19 taxable years, however, awarded credits may be carried forward  
20 for up to 5 years from the date they were issued. The credit  
21 shall be stated as a percentage of the incremental income tax  
22 attributable to the applicant's project and shall include a  
23 fixed dollar limitation for each year of any such agreement.

24 Section 60. Contents of agreements with applicants. The

1 Department shall enter into an agreement with an applicant that  
2 is awarded a credit under this Act. The agreement shall include  
3 all of the following:

4 (1) A detailed description of the project that is the  
5 subject of the agreement, including the location and amount  
6 of the investment and jobs created or retained.

7 (2) The duration of the credit and the first taxable  
8 year for which the credit may be claimed.

9 (3) The maximum credit amount that will be allowed for  
10 each taxable year.

11 (4) A requirement that the taxpayer shall maintain  
12 operations at the project location for 5 years after the  
13 project is placed in service.

14 (5) A specific method for determining the number of new  
15 employees employed during a taxable year.

16 (6) A requirement that the taxpayer shall annually  
17 report to the Department the number of new employees, the  
18 incremental income tax withheld in connection with the new  
19 employees, and any other information the Director needs to  
20 perform its duties under this Act.

21 (7) A requirement that the Director is authorized to  
22 verify, with the appropriate State agencies, the amounts  
23 reported under paragraph (6) of this Section, and, upon  
24 verification, shall issue a certificate to the taxpayer  
25 stating that the amounts have been verified.

26 (8) A requirement that the taxpayer shall provide

1 written notification to the Director not more than 30 days  
2 after the taxpayer makes or receives a proposal that would  
3 transfer the taxpayer's State tax liability obligations to  
4 a successor Taxpayer.

5 (9) A detailed description of the number of new  
6 employees to be hired, and the occupation and payroll of  
7 the full-time jobs to be created or retained as a result of  
8 the project.

9 (10) The minimum investment the business enterprise  
10 will make in capital improvements, the time period for  
11 placing the property in service, and the designated  
12 location in Illinois for the investment.

13 (11) A requirement that the taxpayer shall provide  
14 written notification to the Director and the Committee not  
15 more than 30 days after the Taxpayer determines that the  
16 minimum job creation or retention, employment payroll, or  
17 investment is no longer or will no longer be achieved or  
18 maintained, as set forth in the terms and conditions of the  
19 agreement.

20 (12) A provision that, if the total number of new  
21 employees falls below a specified level, the allowance of  
22 the credit shall be suspended until the number of new  
23 employees equals or exceeds the agreement amount.

24 (13) A detailed description of the items for which the  
25 costs incurred by the taxpayer will be included in the  
26 limitation on the credit provided in Section 40.

1           (14) A provision that, if the taxpayer never meets  
2           either the investment or job creation and retention  
3           requirements specified in the agreement during the entire  
4           5-year period beginning on the first day of the first  
5           taxable year in which the agreement is executed and ending  
6           on the last day of the fifth taxable year after the  
7           agreement is executed, then the agreement is automatically  
8           terminated on the last day of the fifth taxable year after  
9           the agreement is executed and the taxpayer is not entitled  
10          to the award of any credits for any of that 5-year period.

11          (15) Any other performance conditions or contract  
12          provisions as the Department determines are appropriate.

13          The Department shall post on its website the terms of each  
14          agreement entered into under this Act on or after the effective  
15          date of this Act.

16          Section 65. Certificate of verification; submission to the  
17          Department of Revenue. A taxpayer claiming a credit under this  
18          Act shall submit to the Department of Revenue a copy of the  
19          Director's certificate of verification under this Act for the  
20          taxable year. Failure to submit a copy of the certificate with  
21          the taxpayer's tax return shall not invalidate a claim for a  
22          credit. For a taxpayer to be eligible for a certificate of  
23          verification, the taxpayer shall provide proof as required by  
24          the Department prior to the end of each calendar year,  
25          including, but not limited to, attestation by the taxpayer



1 that:

2 (1) The project has substantially achieved the level of  
3 new full-time jobs specified in its agreement.

4 (2) The project has substantially achieved the level of  
5 annual payroll in Illinois specified in its agreement.

6 (3) The project has substantially achieved the level of  
7 capital investment in Illinois specified in its agreement.

8 Section 70. Pass-through entity.

9 (a) The shareholders or partners of a taxpayer that is a  
10 pass-through entity shall be entitled to the credit allowed  
11 under the agreement.

12 (b) The credit provided under subsection (a) of this  
13 Section is in addition to any credit to which a shareholder or  
14 partner is otherwise entitled under a separate agreement under  
15 this Act. A pass-through entity, and a shareholder or partner  
16 of the pass-through entity, may not claim more than one credit  
17 under the same agreement.

18 Section 75. Noncompliance; notice; assessment. If the  
19 Director determines that a taxpayer that has received a credit  
20 under this Act is not complying with the requirements of the  
21 agreement or all of the provisions of this Act, the Director  
22 shall provide notice to the taxpayer of the alleged  
23 noncompliance, and allow the taxpayer a hearing under the  
24 Illinois Administrative Procedure Act. If, after such notice

1 and any hearing, the Director determines that a noncompliance  
2 exists, the Director shall issue to the Department of Revenue  
3 notice to that effect, stating the noncompliance date.

4 Section 80. Annual report. On or before July 1 each year,  
5 the Committee shall submit a report the Department containing  
6 the following information with respect to applications  
7 considered by the Committee. The report shall include  
8 information on the number of agreements that were entered into  
9 under this Act during the preceding calendar year, a  
10 description of the project that is the subject of each  
11 agreement, an update on the status of projects under agreements  
12 entered into before the preceding calendar year, and the sum of  
13 the credits awarded under this Act. A copy of the report shall  
14 be delivered to the Governor and to each member of the General  
15 Assembly.

16 Section 85. Evaluation of Targeted Tax Credit Program. The  
17 Department shall evaluate the Targeted Tax Credit Program on a  
18 biennial basis. The evaluation shall include an assessment of  
19 the effectiveness of the program in creating or retaining jobs  
20 in Illinois and of the revenue impact of the Program, and may  
21 include a review of the practices and experiences of other  
22 states with similar programs. The Director shall submit a  
23 report on the evaluation to the Governor and the General  
24 Assembly after June 30 and before November 1 of each

1 odd-numbered year.

2 Section 90. No new agreements after December 31, 2029. The  
3 Department shall not enter into any new agreements under the  
4 provisions of Section 60 of this Act after December 31, 2029.

5 Section 95. Adoption of rules. The Department shall adopt  
6 rules necessary to implement this Act. The rules may provide  
7 for recipients of credits under this Act to be charged fees to  
8 cover administrative costs of the Targeted Tax Credit Program.  
9 Fees collected shall be deposited into the Targeted Tax Credit  
10 Fund.

11 Section 100. The Targeted Tax Credit Fund.

12 (a) The Targeted Tax Credit Fund is established to be used  
13 exclusively for the purposes of this Act, including paying for  
14 the costs of promoting and administering the Targeted Tax  
15 Credit Program. The Fund shall be administered by the  
16 Department.

17 (b) The Fund consists of collected fees, appropriations  
18 from the General Assembly, and gifts and grants to the Fund.

19 (c) The State Treasurer shall invest the money in the Fund  
20 not currently needed to meet the obligations of the Fund in the  
21 same manner as other public funds may be invested. Interest  
22 that accrues from these investments shall be deposited into the  
23 Fund.

1           (d) The money in the Fund at the end of a State fiscal year  
2 remains in the Fund to be used exclusively for the purposes of  
3 this Act. Expenditures from the Fund are subject to  
4 appropriation by the General Assembly.

5           Section 105. Program terms and conditions.

6           (a) Any documentary materials or data made available or  
7 received by any member of a Committee or any agent or employee  
8 of the Department shall be deemed confidential and shall not be  
9 deemed public records to the extent that the materials or data  
10 consist of trade secrets, commercial or financial information  
11 regarding the operation of the business conducted by the  
12 Applicant or recipient of any tax credit under this Act, or any  
13 information regarding the competitive position of a business in  
14 a particular field of endeavor.

15           (b) Nothing in this Act shall be construed as creating any  
16 rights in any applicant to enter into an agreement or in any  
17 person to challenge the terms of any agreement.

18           Section 900. The State Finance Act is amended by adding  
19 Section 5.875 as follows:

20           (30 ILCS 105/5.875 new)

21           Sec. 5.875. The Targeted Tax Credit Fund.

22           (35 ILCS 10/Act rep.)

1           Section 905. The Economic Development for a Growing Economy  
2 Tax Credit Act is repealed.

3           Section 999. Effective date. This Act takes effect upon  
4 becoming law, except that Section 905 takes effect one year  
5 after this Act becomes law.".