



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB1642

Introduced 2/20/2015, by Sen. Steve Stadelman - Dave Syverson
- David Koehler - Linda Holmes - Michael Noland

SYNOPSIS AS INTRODUCED:

35 ILCS 5/221
215 ILCS 5/409.1 new

Amends the Illinois Income Tax Act and the Illinois Insurance Code. Provides that all or a portion of the income tax credit awarded for the restoration and preservation of a qualified historic structure located in a River Edge Redevelopment Zone may instead be taken as a credit against privilege and retaliatory taxes paid under the Illinois Insurance Code. Provides that the Historic Preservation Agency may issue a certification to the taxpayer stating that, if the project is completed as proposed, the project will qualify for the credits. Contains provisions concerning transfers of credits. Provides that the credit may be carried forward. Provides that the credit sunsets on January 1, 2022 (currently, January 1, 2017). Effective immediately.

LRB099 10124 HLH 30917 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 Illinois Income Tax Act is amended by
5 changing Section 221 as follows:

6 (35 ILCS 5/221)

7 Sec. 221. Rehabilitation costs; qualified historic
8 properties; River Edge Redevelopment Zone.

9 (a) For taxable years beginning on or after January 1, 2012
10 and ending prior to January 1, 2022 ~~January 1, 2017~~, there
11 shall be allowed a tax credit against the tax imposed by (i)
12 subsections (a) and (b) of Section 201 of this Act and (ii)
13 taxes imposed under Sections 409, 413, 444, and 444.1 of the
14 Illinois Insurance Code in an aggregate amount equal to 25% of
15 qualified expenditures incurred by a qualified taxpayer during
16 the taxable year in the restoration and preservation of a
17 qualified historic structure located in a River Edge
18 Redevelopment Zone pursuant to a qualified rehabilitation
19 plan, provided that the total amount of such expenditures (i)
20 must equal \$5,000 or more and (ii) must exceed 50% of the
21 purchase price of the property.

22 (b) To obtain a tax credit pursuant to this Section, the
23 taxpayer must apply with the Department of Commerce and

1 Economic Opportunity. The Department of Commerce and Economic
2 Opportunity, in consultation with the Historic Preservation
3 Agency, shall determine the amount of eligible rehabilitation
4 costs and expenses. The Historic Preservation Agency shall
5 determine whether the rehabilitation is consistent with the
6 standards of the Secretary of the United States Department of
7 the Interior for rehabilitation. The Historic Preservation
8 Agency may, after its approval of any plan of rehabilitation
9 and prior to the completion of any project, issue a
10 certification to the taxpayer stating that, if the project is
11 completed as proposed, the rehabilitation work will qualify for
12 the credits. Upon completion and review of the project, the
13 Department of Commerce and Economic Opportunity shall issue a
14 certificate in the amount of the eligible credits. At the time
15 the certificate is issued, an issuance fee up to the maximum
16 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. The Department of Commerce and Economic
3 Opportunity may adopt rules to implement this Section.

4 (c) The tax credit under this Section may not reduce the
5 taxpayer's liability to less than zero. The credit may not be
6 carried back. If the amount of the credit exceeds the tax
7 liability for the year, the excess may be carried forward and
8 applied to the tax liability of the 5 taxable years following
9 the excess credit year. The credit shall be applied to the
10 earliest year for which there is a tax liability. If there are
11 credits from more than one tax year that are available to
12 offset a liability, the earlier credit shall be applied first.

13 (c-5) Taxpayers who are eligible to claim the credit,
14 including without limitation, any partners, shareholders of
15 subchapter S corporations, and members who are eligible to
16 claim the credit as provided in the definition of "qualified
17 taxpayer" below, may transfer all or any portion of the credit
18 to any individual or entity, within one year after the credit
19 is awarded, in accordance with rules adopted by the Department
20 of Commerce and Economic Opportunity. Any transferee of all or
21 any portion of a credit shall have the right to claim the
22 credit, carry the credit forward as described in subsection (c)
23 above, and allocate such credit to its partners, shareholders
24 of subchapter S corporations, and members (and also through
25 tiers of such entities) as described in the definition of
26 "qualified taxpayer" below, as if the transferee had been

1 originally issued such credit. The tax credit may not be
2 transferred more than once. Allocations of credits to partners,
3 shareholders of S corporations, members, or other owners
4 (including through tiers of such entities) as described in the
5 definition of "qualified taxpayer" below shall not be
6 considered transfers under this subsection (c-5), and the
7 one-time transfer limitation set forth in the immediately
8 preceding sentence shall not apply to any such allocations.

9 (d) As used in this Section, the following terms have the
10 following meanings.

11 "Qualified expenditure" means all the costs and expenses
12 defined as qualified rehabilitation expenditures under Section
13 47 of the federal Internal Revenue Code that were incurred in
14 connection with a qualified historic structure.

15 "Qualified historic structure" means a certified historic
16 structure as defined under Section 47 (c) (3) of the federal
17 Internal Revenue Code.

18 "Qualified rehabilitation plan" means a project that is
19 approved by the Historic Preservation Agency as being
20 consistent with the standards in effect on the effective date
21 of this amendatory Act of the 97th General Assembly for
22 rehabilitation as adopted by the federal Secretary of the
23 Interior.

24 "Qualified taxpayer" means the owner of the qualified
25 historic structure or any other person who qualifies for the
26 federal rehabilitation credit allowed by Section 47 of the

1 federal Internal Revenue Code with respect to that qualified
2 historic structure. Partners, shareholders of subchapter S
3 corporations, and owners of limited liability companies (if the
4 limited liability company is treated as a partnership for
5 purposes of federal and State income taxation) are entitled to
6 a credit under this Section to be determined in accordance with
7 the determination of income and distributive share of income
8 under Sections 702 and 703 and subchapter S of the Internal
9 Revenue Code, provided that credits granted to a partnership, a
10 limited liability company taxed as a partnership, or other
11 multiple owners of property shall be passed through to the
12 partners, members, or owners respectively (and shall be passed
13 through more than once in the case of tiers of such entities)
14 on a pro rata basis or pursuant to an executed agreement among
15 the partners, members, or owners documenting any alternate
16 distribution method (which need not be on a pro-rata basis).
17 (Source: P.A. 97-203, eff. 7-28-11.)

18 Section 10. The Illinois Insurance Code is amended by
19 adding Section 409.1 as follows:

20 (215 ILCS 5/409.1 new)

21 Sec. 409.1. River Edge Redevelopment Zone Rehabilitation
22 credit. For taxes payable after January 1, 2015, credits may be
23 granted against the taxes imposed under Section 409, 413, 444,
24 and 444.1 of this Act as provided in Section 221 of the

1 Illinois Income Tax Act.

2 Section 99. Effective date. This Act takes effect upon
3 becoming law.