

AN ACT concerning revenue.

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

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

(30 ILCS 105/5.786 new)

Sec. 5.786. The Historic Property Administrative Fund.

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

(35 ILCS 5/221 new)

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

(a) For taxable years beginning on or after January 1, 2012 and ending prior to January 1, 2017, there shall be allowed a tax credit against the tax imposed by subsections (a) and (b) of Section 201 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, provided that the total amount of such expenditures (i) must equal \$5,000 or more

and (ii) must exceed 50% of the purchase price of the property.

(b) To obtain a tax credit pursuant to this Section, the taxpayer must apply with the Department of Commerce and Economic Opportunity. The Department of Commerce and Economic Opportunity, in consultation with the Historic Preservation Agency, shall determine the amount of eligible rehabilitation costs and expenses. The Historic Preservation Agency shall determine whether the rehabilitation is consistent with the standards of the Secretary of the United States Department of the Interior for rehabilitation. Upon completion and review of the project, the Department of Commerce and Economic Opportunity shall issue a certificate in the amount of the eligible credits. At the time the certificate is issued, an issuance fee up to the maximum amount of 2% of the amount of the credits issued by the certificate may be collected from the applicant to administer the provisions of this Section. If collected, this issuance fee shall be deposited into the Historic Property Administrative Fund, a special fund created in the State treasury. Subject to appropriation, moneys in the Historic Property Administrative Fund shall be evenly divided between the Department of Commerce and Economic Opportunity and the Historic Preservation Agency to reimburse the Department of Commerce and Economic Opportunity and the Historic Preservation Agency for the costs associated with administering this Section. The taxpayer must attach the certificate to the tax return on which the credits are to be

claimed. The Department of Commerce and Economic Opportunity may adopt rules to implement this Section.

(c) The tax credit under this Section may not reduce the taxpayer's liability to less than zero.

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

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

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

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

"Qualified taxpayer" means the owner of the qualified historic structure or any other person who qualifies for the federal rehabilitation credit allowed by Section 47 of the federal Internal Revenue Code with respect to that qualified historic structure. Partners, shareholders of subchapter S corporations, and owners of limited liability companies (if the limited liability company is treated as a partnership for

purposes of federal and State income taxation) are entitled to a credit under this Section to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 703 and subchapter S of the Internal Revenue Code, provided that credits granted to a partnership, a limited liability company taxed as a partnership, or other multiple owners of property shall be passed through to the partners, members, or owners respectively on a pro rata basis or pursuant to an executed agreement among the partners, members, or owners documenting any alternate distribution method.

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

(65 ILCS 115/10-2)

Sec. 10-2. Findings. The General Assembly finds and declares that those municipalities adjacent to or surrounding river areas often lack critical tools to safely revive and redevelop environmentally-challenged properties that will stimulate economic revitalization and create jobs in Illinois. Environmentally-challenged properties adjacent to or surrounding Illinois rivers are a threat to the health, safety, and welfare of the people of this State. Many of these environmentally-challenged properties adjacent to or surrounding rivers were former industrial areas that now,

subject to appropriate environmental clean-up and remediation, would be ideal for office, residential, retail, hospitality, commercial, recreational, warehouse and distribution, and other economically productive uses. The cost of the cleaning and remediation of these environmentally-challenged properties is often the primary obstacle to returning these properties to a safe and economically productive use.

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

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

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

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

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

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

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

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

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

On or after the effective date of this amendatory Act of the 97th General Assembly, the Department may certify one additional pilot River Edge Redevelopment Zone in the City of Peoria.

Thereafter the Department may not certify any additional River Edge Redevelopment Zones, but may amend and rescind certifications of existing River Edge Redevelopment Zones in accordance with Section 10-5.4.

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

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10 of the United States Code.

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

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