

SB2880



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB2880

Introduced 1/24/2024, by Sen. Michael W. Halpin

SYNOPSIS AS INTRODUCED:

35 ILCS 31/20

Amends the Historic Preservation Tax Credit Act. Provides that, in calendar years beginning on or after January 1, 2025 and ending on or before December 31, 2028, the State Historic Preservation Office within the Department of Natural Resources may allocate \$75,000,000 (currently, \$25,000,000) in credits under the Act. Effective immediately.

LRB103 38031 HLH 68163 b

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 Historic Preservation Tax Credit Act is
5 amended by changing Section 20 as follows:

6 (35 ILCS 31/20)

7 Sec. 20. Limitations, reporting, and monitoring.

8 (a) In each calendar year beginning on or after January 1,
9 2019 and ending on or before December 31, 2023, the Division is
10 authorized to allocate \$15,000,000 in tax credits in addition
11 to any unallocated, returned, or rescinded allocations from
12 previous years, pursuant to qualified rehabilitation plans. In
13 the calendar year beginning on January 1, 2024 and ending on
14 December 31, 2024, the Division is authorized to allocate
15 \$25,000,000 in tax credits in addition to any unallocated,
16 returned, or rescinded allocations from previous years,
17 pursuant to qualified rehabilitation plans. In each calendar
18 year beginning on or after January 1, 2025 ~~January 1, 2024~~ and
19 ending on or before December 31, 2028, the Division is
20 authorized to allocate \$75,000,000 ~~\$25,000,000~~ in tax credits
21 in addition to any unallocated, returned, or rescinded
22 allocations from previous years, pursuant to qualified
23 rehabilitation plans. The Division shall not allocate or award

1 more than \$3,000,000 in tax credits with regard to a single
2 qualified rehabilitation plan. In allocating tax credits under
3 this Act, the Division must prioritize applications that meet
4 one or more of the following:

5 (1) the structure is located in a county that borders
6 a State with a historic income-producing property
7 rehabilitation credit;

8 (2) the structure was previously owned by a federal,
9 state, or local governmental entity for no less than 6
10 months;

11 (3) the structure is located in a census tract that
12 has a median family income at or below the State median
13 family income; data from the most recent 5-year estimate
14 from the American Community Survey (ACS), published by the
15 U.S. Census Bureau, shall be used to determine
16 eligibility;

17 (4) the qualified rehabilitation plan includes in the
18 development partnership a Community Development Entity or
19 a low-profit (B Corporation) or not-for-profit
20 organization, as defined by Section 501(c)(3) of the
21 Internal Revenue Code; or

22 (5) the structure is located in an area declared under
23 an Emergency Declaration or Major Disaster Declaration
24 under the federal Robert T. Stafford Disaster Relief and
25 Emergency Assistance Act. The declaration must be no older
26 than 3 years at the time of application.

1 (b) The annual aggregate authorization ~~of \$15,000,000~~ set
2 forth in subsection (a) shall be allocated by the Division, in
3 such proportion as determined by the Director twice in each
4 calendar year that the program is in effect, provided that the
5 amount initially allocated by the Division for the first
6 calendar year application period shall not exceed 65% of the
7 total amount available for allocation. Any unallocated amount
8 remaining as of the end of the second application period of a
9 given calendar year shall be rolled over and added to the total
10 authorized amount for the next available calendar year. The
11 qualified rehabilitation plan must meet a readiness test, as
12 defined by the Division, in order for the application to
13 qualify. In any given application period, applications that
14 qualify under this Act will be prioritized as set forth in
15 subsection (a) and placed in a queue based on the date and time
16 the application is received. Applicants whose applications
17 qualify but do not receive an allocation must reapply to be
18 considered in subsequent application periods.

19 (c) Subject to appropriation to the Division, moneys in
20 the Historic Property Administrative Fund shall be used, on a
21 biennial basis, beginning at the end of the second fiscal year
22 after the effective date of this Act, to hire a qualified third
23 party to prepare a biennial report to assess the overall
24 impact of this Act from the qualified rehabilitation plans
25 under this Act completed in that year and in previous years.
26 Baseline data of the metrics in the report shall be collected

1 at the initiation of a qualified rehabilitation plan. The
2 overall economic impact shall include at least:

3 (1) the number of applications, project locations, and
4 proposed use of qualified historic structures;

5 (2) the amount of credits awarded and the number and
6 location of projects receiving credit allocations;

7 (3) the status of ongoing projects and projected
8 qualifying expenditures for ongoing projects;

9 (4) for completed projects, the total amount of
10 qualifying rehabilitation expenditures and non-qualifying
11 expenditures, the number of housing units created and the
12 number of housing units that qualify as affordable, and
13 the total square footage rehabilitated and developed;

14 (5) direct, indirect, and induced economic impacts;

15 (6) temporary, permanent, and construction jobs
16 created; and

17 (7) sales, income, and property tax generation before
18 construction, during construction, and after completion.

19 The report to the General Assembly shall be filed with the
20 Clerk of the House of Representatives and the Secretary of the
21 Senate in electronic form only, in the manner that the Clerk
22 and the Secretary shall direct.

23 (d) Any time prior to issuance of a tax credit
24 certificate, the Director of the Division, the State Historic
25 Preservation Officer, or staff of the Division may, upon
26 reasonable notice of not less than 3 business days, conduct a

1 site visit to the project to inspect and evaluate the project.

2 (e) Any time prior to the issuance of a tax credit
3 certificate, the Director may, upon reasonable notice of not
4 less than 30 calendar days, request a status report from the
5 Applicant consisting of information and updates relevant to
6 the status of the project. Status reports shall not be
7 requested more than twice yearly.

8 (f) In order to demonstrate sufficient evidence of
9 reviewable progress within 12 months after the date the
10 Applicant received notification of allocation from the
11 Division, the Director may require the Applicant to provide
12 all of the following:

13 (1) a viable financial plan which demonstrates by way
14 of an executed agreement that all financing has been
15 secured for the project; such financing shall include, but
16 not be limited to, equity investment as demonstrated by
17 letters of commitment from the owner of the property,
18 investment partners, and equity investors;

19 (2) (blank); and

20 (3) all historic approvals, including all federal and
21 State rehabilitation documents required by the Division.

22 The Director shall review the submitted evidence and may
23 request additional documentation from the Applicant if
24 necessary. The Applicant will have 30 calendar days to provide
25 the information requested, otherwise the allocation may be
26 rescinded at the discretion of the Director.

1 (g) In order to demonstrate sufficient evidence of
2 reviewable progress within 24 months after the date the
3 application received notification of approval from the
4 Division, the Director may require the Applicant to provide
5 detailed evidence that the Applicant has secured and closed on
6 financing for the complete scope of rehabilitation for the
7 project. To demonstrate evidence that the Applicant has
8 secured and closed on financing, the Applicant will need to
9 provide signed and processed loan agreements, bank financing
10 documents or other legal and contractual evidence to
11 demonstrate that adequate financing is available to complete
12 the project. The Director shall review the submitted evidence
13 and may request additional documentation from the Applicant if
14 necessary. The Applicant will have 30 calendar days to provide
15 the information requested, otherwise the allocation may be
16 rescinded at the discretion of the Director.

17 If the Applicant fails to document reviewable progress
18 within 24 months of approval, the Director may notify the
19 Applicant that the allocation is rescinded. However, should
20 financing and construction be imminent, the Director may elect
21 to grant the Applicant no more than 5 months to close on
22 financing and commence construction. If the Applicant fails to
23 meet these conditions in the required timeframe, the Director
24 shall notify the Applicant that the allocation is rescinded.
25 Any such rescinded allocation shall be added to the aggregate
26 amount of credits available for allocation for the year in

1 which the forfeiture occurred.

2 The amount of the qualified expenditures identified in the
3 qualified taxpayer's certification of completion and reflected
4 on the Historic Preservation Tax Credit certificate issued by
5 the Director is subject to inspection, examination, and audit
6 by the Department of Revenue.

7 The qualified taxpayer shall establish and maintain for a
8 period of 4 years following the effective date on a project tax
9 credit certificate such records as required by the Director.
10 Such records include, but are not limited to, records
11 documenting project expenditures and compliance with the U.S.
12 Secretary of the Interior's Standards. The qualified taxpayer
13 shall make such records available for review and verification
14 by the Director, the State Historic Preservation Officer, the
15 Department of Revenue, or appropriate staff, as well as other
16 appropriate State agencies. In the event the Director
17 determines an Applicant has submitted a status report
18 containing erroneous information or data not supported by
19 records established and maintained under this Act, the
20 Director may, after providing notice, require the Applicant to
21 resubmit corrected reports.

22 (Source: P.A. 102-741, eff. 5-6-22; 103-9, eff. 6-7-23.)

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