

# HB3412



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB3412

Introduced 2/18/2025, by Rep. Amy Elik

#### SYNOPSIS AS INTRODUCED:

New Act  
35 ILCS 5/246 new

Creates the Preserving Illinois Neighborhoods Act. Provides that, for taxable years that begin on or after January 1, 2026 and end on or before December 31, 2031, qualified taxpayers who incur qualified new construction expenditures or qualified rehabilitation expenditures during the taxable year are entitled to a credit. Effective immediately.

LRB104 06143 HLH 18833 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 1. Short title. This Act may be cited as the  
5 Preserving Illinois Neighborhoods Act.

6 Section 5. Definitions.

7 "Department" means the Department of Commerce and Economic  
8 Opportunity.

9 "Eligible property" means residential property that (i)  
10 has a market value prior to the new construction or  
11 rehabilitation of \$300,000 or less, (ii) is located in a  
12 qualified area, and (iii) has either (A) been vacant for at  
13 least 2 years or (B) is or was occupied by a structure that has  
14 been condemned by the unit of local government in which the  
15 structure is located.

16 "Qualified area" means an area classified as an  
17 underserved area, as defined in Section 5-5 of the Economic  
18 Development for a Growing Economy Tax Credit Act, during the  
19 taxable year.

20 "Qualified new construction expenditure" means an expense  
21 incurred in connection with the construction of a qualified  
22 new residence on eligible property, including, but not limited  
23 to, an expense incurred for any of the following: site

1 preparation other than demolition; surveys; architectural and  
2 engineering services; construction; or any other necessary and  
3 incidental expense incurred for constructing a qualified new  
4 residence on the property. Costs paid for by the taxpayer with  
5 grants or forgivable loans, other than tax credits provided by  
6 State or federal programs, are not considered qualified new  
7 construction expenditures.

8 "Qualified new residence" means a residential structure  
9 that is or will be owner-occupied and that is not replacing a  
10 structure that is listed on the National Register of Historic  
11 Places or the Illinois Register of Historic Places.

12 "Qualified rehabilitation expenditure" means an expense  
13 incurred for the renovation or rehabilitation of an existing  
14 single-family residence that is 40 years of age or older,  
15 including, but not limited to, an expense incurred for any of  
16 the following: site preparation; surveys; architectural and  
17 engineering services; or construction, modification,  
18 expansion, remodeling, or structural alteration of the  
19 residence. Costs paid for by the taxpayer with grants or  
20 forgivable loans, other than tax credits provided by State or  
21 federal programs, are not considered qualified rehabilitation  
22 expenditures.

23 "Qualified taxpayer" means any taxpayer that is a person,  
24 partnership, corporation, trust, limited liability company, or  
25 tax-exempt charitable organization and whose Illinois  
26 unrelated business taxable income, if any, is subject to the

1 State income tax imposed under subsections (a) and (b) of  
2 Section 201 of the Illinois Income Tax Act.

3 Section 10. Allowable credit; application.

4 (a) For taxable years that begin on or after January 1,  
5 2026 and end on or before December 31, 2031, qualified  
6 taxpayers who incur qualified new construction expenditures or  
7 qualified rehabilitation expenditures during the taxable year  
8 are entitled to a credit against the tax imposed by  
9 subsections (a) and (b) of Section 201 of the Illinois Income  
10 Tax Act as provided in this Act. Subject to the limitations in  
11 Section 15, credits under this Act shall be calculated as  
12 follows:

13 (1) 15% of the qualified new construction expenditures  
14 incurred by the qualified taxpayer during the taxable year  
15 in the construction of a qualified new residence in a  
16 qualified area;

17 (2) 25% of the qualified rehabilitation expenditures  
18 incurred by the qualified taxpayer during the taxable year  
19 in the restoration and preservation of eligible property  
20 in a qualified area;

21 (b) Taxpayers shall apply to the Department for credits  
22 under this Act in the form and manner required by the  
23 Department by rule. A separate application shall be completed  
24 for each of the taxpayer's projects that are eligible for  
25 credits under this Act. Upon approval of the complete

1 application, the Department shall issue a tax credit  
2 certificate in the amount of the eligible credits. The  
3 taxpayer must attach the certificate to the tax return on  
4 which the credits are to be claimed.

5 Section 15. Limitations.

6 (a) Tax credits awarded under this Act for qualified new  
7 construction expenditures shall not exceed \$40,000 per  
8 project. The taxpayer must incur a minimum of \$10,000 in  
9 eligible expenditures with respect to a project to be eligible  
10 for credits under this Act for that project.

11 (b) The Department may not award more than \$5,000,000 in  
12 credits under this Act in any calendar year. Credits shall be  
13 awarded on a first-come first-served basis, and the Department  
14 must adopt rules whose goal is to ensure that the tax credits  
15 are awarded justly and equitably through the State.

16 (c) A taxpayer is not eligible for a credit under this  
17 Section if the taxpayer receives a State income tax credit for  
18 the same expenditure under any other provision of law.

19 Section 20. Rulemaking. The Department, in consultation  
20 with the Department of Revenue, shall adopt rules for the  
21 implementation and administration of this Act.

22 Section 25. Report. The Department shall report to the  
23 Governor and the General Assembly on the effectiveness of the

1 credits awarded under this Section no later than December 31,  
2 2027 and by December 31 of each odd-numbered year through  
3 December 31, 2031.

4 Section 30. Repeal. This Act is repealed on January 1,  
5 2032.

6 Section 35. The Illinois Income Tax Act is amended by  
7 adding Section 246 as follows:

8 (35 ILCS 5/246 new)

9 Sec. 246. Preserving Illinois Neighborhoods Act. For  
10 taxable years that begin on or after January 1, 2026 and end on  
11 or before December 31, 2031, qualified taxpayers who incur  
12 qualified new construction expenditures or qualified  
13 rehabilitation expenditures during the taxable year are  
14 entitled to a credit against the tax imposed by subsections  
15 (a) and (b) of Section 201 of the Illinois Income Tax Act as  
16 provided in the Preserving Illinois Neighborhoods Act.

17 This Section is repealed on January 1, 2032.

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