

1 AN ACT in relation to taxation.

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 adding Section 213 as follows:

6 (35 ILCS 5/213 new)

7 Sec. 213. Illinois low-income housing tax credit.

8 (a) As used in this Section, unless the context clearly
9 requires otherwise:

10 "Authority" means the Illinois Housing Development
11 Authority.

12 "Director" means the Director of Revenue.

13 "Eligibility statement" means a statement authorized and
14 issued by the Authority certifying that a given project
15 qualifies for the Illinois low-income housing tax credit.
16 The Authority shall promulgate rules establishing criteria
17 upon which the eligibility statements will be issued. The
18 eligibility statement shall specify the amount of the
19 Illinois low-income housing tax credit allowed. The
20 Authority shall authorize the tax credits only to qualified
21 projects that begin after December 31, 2001.

22 "Federal low-income housing tax credit" means the federal
23 tax credit as provided in Section 42 of the Internal Revenue
24 Code of 1986, as amended.

25 "Geographic area" means the metropolitan area or county
26 designated as an area by the federal Department of Housing
27 and Urban Development under Section 8 of the United States
28 Housing Act of 1937, as amended, for purposes of determining
29 fair market rental rates.

30 "Low-income project" means a housing project that has at
31 least 20% of its units occupied by persons and families whose

1 income does not exceed 50% of the median family income for
2 the geographic area in which the project is located or the
3 median family income for the State of Illinois, whichever is
4 larger; or at least 40% of its units occupied by persons and
5 families whose income does not exceed 60% the median income
6 for the geographic area in which the project is located or
7 the median family income for the State of Illinois, whichever
8 is larger.

9 "Median income" means those incomes that are determined
10 by the federal Department of Housing and Urban Development
11 guidelines and adjusted for family size.

12 "Qualified Illinois project" means a qualified low-income
13 building as that term is determined in Section 42 of the 1986
14 Internal Revenue Code of 1986, as amended, that is located in
15 Illinois.

16 (b) A taxpayer owning an interest in a qualified
17 Illinois project shall be allowed a credit against the tax
18 imposed by subsections (a) and (b) of Section 201, whether or
19 not allowed a federal tax credit, to be termed the "Illinois
20 low-income housing tax credit", if the Authority issues an
21 eligibility statement for that project. For qualified
22 Illinois projects, the Illinois low-income housing tax credit
23 available to a project shall be the amount as the Authority
24 shall determine is necessary to ensure the feasibility of the
25 project, up to an amount equal to the federal low-income
26 housing tax credit for a qualified Illinois project, for a
27 federal tax period. The Illinois low-income housing tax
28 credit issued in accordance with this Section may be
29 allocated to 2 or more taxpayers eligible for the credit
30 under this Section. An owner of a qualified Illinois project
31 shall certify to the Director the ownership interest of each
32 taxpayer eligible for the credit and other appropriate
33 information so that the low-income housing tax credit can be
34 properly allocated by the Director. The Director shall

1 allocate the credit based upon the amount of each eligible
2 taxpayer's ownership interest. If the amount of the
3 allocated credit exceeds the tax liability owned under
4 subsections (a) and (b) of Section 201 by the taxpayer for
5 the year, the excess may be carried forward and applied to
6 the tax liability of the 10 taxable years following the
7 excess credit year. The tax credit shall be applied to the
8 earliest year for which there is a tax liability. If there
9 are credits for more than one year that are available to
10 offset a liability, the earlier credit shall be applied
11 first.

12 (c) The owner of a qualified Illinois project eligible
13 for the Illinois low-income housing tax credit shall submit
14 an eligibility statement at the time of filing the owner's
15 returns.

16 (d) If under Section 42 of the Internal Revenue Code of
17 1986, as amended, a portion of any federal low-income housing
18 credits taken on a low-income project is required to be
19 recaptured, the taxpayer claiming State credits with respect
20 to the project shall also be required to recapture a portion
21 of the State credit claimed by the taxpayer that equals the
22 proportion that the federal recapture amount bears to the
23 original low-income housing credit amount subject to
24 recapture.

25 (e) The provisions of this Section are exempt from
26 Section 250.

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