

1 AMENDMENT TO SENATE BILL 1135

2 AMENDMENT NO. _____. Amend Senate Bill 1135 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Housing Development Act is
5 amended by adding Section 7.28 as follows:

6 (20 ILCS 3805/7.28 new)

7 Sec. 7.28. Tax credit for donation to sponsors. The
8 Illinois Housing Development Authority may administer and
9 adopt rules for an affordable housing tax donation credit
10 program to provide tax credits for donations to sponsors of
11 affordable housing projects as set forth in this Section.

12 (a) In this Section:

13 "Administrative housing agency" means either the Illinois
14 Housing Development Authority or an agency of the City of
15 Chicago.

16 "Affordable housing project" means either (i) a rental
17 project in which at least 25% of the units have rents
18 (including tenant-paid heat) that do not exceed, on a monthly
19 basis, 30% of the gross monthly income of a household earning
20 60% of the area median income and at least 25% of the units
21 are occupied by persons and families whose incomes do not
22 exceed 60% of the median family income for the geographic

1 area in which the residential unit is located or (ii) a unit
2 for sale to homebuyers whose gross household income is at or
3 below 60% of the area median income and who pay no more than
4 30% of their gross household income for mortgage principal,
5 interest, property taxes, and property insurance (PITI).

6 "Donation" means money, securities, or real or personal
7 property that is donated to a not-for-profit sponsor that is
8 used solely for costs associated with either (i) purchasing,
9 constructing, or rehabilitating an affordable housing project
10 in this State, (ii) an employer-assisted housing project in
11 this State, (iii) general operating support, or (iv)
12 technical assistance as defined by this Section.

13 "Employer-assisted housing project" means either
14 down-payment assistance, reduced-interest mortgages, mortgage
15 guarantee programs, rental subsidies, or individual
16 development account savings plans that are provided by
17 employers to employees to assist in securing affordable
18 housing near the work place, that are restricted to housing
19 near the work place, and that are restricted to employees
20 whose gross household income is at or below 120% of the area
21 median income.

22 "General operating support" means any cost incurred by a
23 sponsor that is a part of its general program costs and is
24 not limited to costs directly incurred by the affordable
25 housing project.

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

31 "Median income" means the incomes that are determined by
32 the federal Department of Housing and Urban Development
33 guidelines and adjusted for family size.

34 "Sponsor" means a not-for-profit organization that (i) is

1 organized under the General Not For Profit Corporation Act of
2 1986 for the purpose of constructing or rehabilitating
3 affordable housing units in this State; (ii) is organized for
4 the purpose of constructing or rehabilitating affordable
5 housing units and has been issued a ruling from the Internal
6 Revenue Service of the United States Department of the
7 Treasury that the organization is exempt from income taxation
8 under provisions of the Internal Revenue Code; or (iii) is an
9 organization designated as a community development
10 corporation by the United States government under Title VII
11 of the Economic Opportunity Act of 1964.

12 "Technical assistance" means any cost incurred by a
13 sponsor for project planning, assistance with applying for
14 financing, or counseling services provided to prospective
15 homebuyers.

16 (b) A sponsor must apply to the administrative housing
17 agency that administers the program for approval of the
18 project. The administrative housing agency must reserve a
19 specific amount of tax credits for each approved affordable
20 housing project for 24 months after the date of approval.
21 The sponsor must receive an eligible donation within that
22 24-month time period or donations to the project made after
23 the end of the 24-month period are not eligible for the tax
24 credit allowed under Section 214 of the Illinois Income Tax
25 Act.

26 (c) The Illinois Housing Development Authority must
27 adopt rules establishing criteria for eligible costs and
28 donations, issuing and verifying tax credits, and selecting
29 affordable housing projects that are eligible for a tax
30 credit under Section 214 of the Illinois Income Tax Act.

31 (d) Tax credits for employer-assisted housing are
32 limited to that pool of tax credits that have been set aside
33 for employer-assisted housing. Tax credits for general
34 operating support are limited to 10% of the total tax credit

1 allocation for a project and are also limited to that pool of
 2 tax credits that have been set aside for general operating
 3 support. Tax credits for technical assistance are limited to
 4 that pool of tax credits that have been set aside for
 5 technical assistance.

6 (e) The amount of tax credits reserved by the
 7 administrative housing agency for an approved project is
 8 limited to \$13 million in the initial year and shall increase
 9 each year by 5%. The City of Chicago shall receive 24.5% of
 10 total tax credits authorized for each fiscal year. The
 11 Illinois Housing Development Authority shall receive the
 12 balance of the tax credits authorized for each fiscal year.
 13 The tax credits may be used anywhere in the State. The tax
 14 credits have the following set-asides:

- 15 (1) for employer-assisted housing, \$2 million; and
- 16 (2) for general operating support and technical
 17 assistance, \$1 million.

18 The balance of the funds must be used for projects that
 19 would otherwise meet the definition of affordable housing.

20 (f) The administrative housing agency that issues the
 21 credit must record against the land upon which the project is
 22 located an instrument to assure that the property maintains
 23 its affordable housing compliance for a minimum of 10 years.
 24 The housing authority has flexibility to assure that the
 25 instrument does not cause undue hardship on homeowners.

26 Section 10. The Illinois Income Tax Act is amended by
 27 adding Section 214 as follows:

28 (35 ILCS 5/214 new)
 29 Sec. 214. Tax credit for affordable housing donations.
 30 (a) Beginning with taxable years ending on or after
 31 December 31, 2001 and until the taxable year ending on
 32 December 31, 2006, a taxpayer who makes a donation under

1 Section 7.28 of the Illinois Housing Development Act for the
2 development of affordable housing in this State is entitled
3 to a credit against the tax imposed by subsections (a) and
4 (b) of Section 201 in an amount equal to 50% of the value of
5 the donation. Partners, shareholders of subchapter S
6 corporations, and owners of limited liability companies (if
7 the limited liability company is treated as a partnership for
8 purposes of federal and State income taxation) are entitled a
9 credit under this Section to be determined in accordance with
10 the determination of income and distributive share of income
11 under Sections 702 and 703 and subchapter S of the Internal
12 Revenue Code.

13 (b) If the amount of the credit exceeds the tax
14 liability for the year, the excess may be carried forward and
15 applied to the tax liability of the 5 taxable years following
16 the excess credit year. The tax credit shall be applied to
17 the earliest year for which there is a tax liability. If
18 there are credits for more than one year that are available
19 to offset a liability, the earlier credit shall be applied
20 first.

21 (c) The transfer of the tax credit allowed under this
22 Section may be made (i) to the purchaser of land that has
23 been designated solely for affordable housing projects in
24 accordance with the Illinois Housing Development Act or (ii)
25 to another donor who has also made an eligible donation to
26 the sponsor of an affordable housing project in accordance
27 with the Illinois Housing Development Act.

28 (d) A taxpayer claiming the credit provided by this
29 Section must maintain and record any information that the
30 Department may require by regulation regarding the affordable
31 housing project for which the credit is claimed. When
32 claiming the credit provided by this Section, the taxpayer
33 must provide information regarding the taxpayer's donation to
34 the development of affordable housing under the Illinois

1 Housing Development Act.

2 Section 99. Effective date. This Act takes effect upon

3 becoming law.".