

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 214 as follows:

6 (35 ILCS 5/214 new)

7 Sec. 214. Affordable housing donation tax credit.

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

10 "Affordable housing project" means either (i) a rental
11 project, at least 25% of the units of which have rents
12 (including tenant-paid heat) that do not exceed, on a monthly
13 basis, 30% of the gross monthly income of a household earning
14 60% of the area median income, and at least 25% of the units
15 of which are occupied by persons and families whose income
16 does not exceed 60% of the median family income for the
17 geographic area in which the residential unit is located, or
18 (ii) a unit for sale to homebuyers whose gross household
19 income is at or below 60% of area median income, and who pay
20 more than 30% of their gross household income for mortgage
21 principal, interest, property taxes, and property insurance
22 (PITI).

23 "Donation" means money, real or personal property, or a
24 professional service that is donated to a not-for-profit
25 sponsor that: (i) is organized under the General
26 Not-For-Profit Corporation Act of 1986 for the purpose of
27 constructing or rehabilitating affordable housing units in
28 this State; (ii) is organized for the purpose of constructing
29 or rehabilitating affordable housing units and has been
30 issued a ruling from the Internal Revenue Service of the
31 United States Department of the Treasury that the

1 organization is exempt from income taxation under the
2 provisions of the Internal Revenue Code; or (iii) is an
3 organization designated as a community development
4 corporation by the United States government under Title VII
5 of the Economic Opportunity Act of 1964.

6 "Employer-assisted housing project" means down-payment
7 assistance, reduced-interest mortgages, mortgage guarantee
8 programs, rental subsidies, or Individual Development Account
9 savings plans that are provided by employers to employees to
10 assist in securing affordable housing near the workplace, and
11 which are restricted to employees whose gross household
12 income is at or below 120% of the area median income.

13 "General operating support" means any cost incurred by
14 the not-for-profit sponsor that is a part of its general
15 program costs and is not limited to costs directly incurred
16 by the affordable housing project.

17 "Geographic area" means the metropolitan area or county
18 designated as an area by the federal Department of Housing
19 and Urban Development under Section 8 of the United States
20 Housing Act of 1937, as amended, for purposes of determining
21 fair market rental rates.

22 "Housing authority" means either the Illinois Housing
23 Development Authority or the City of Chicago Department of
24 Housing.

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

28 "Technical assistance" means any cost incurred by the
29 not-for-profit sponsor for project planning, assistance with
30 applying for financing, or counseling services provided to
31 prospective homebuyers.

32 (b) Beginning with taxable years ending on or after
33 December 31, 2001 and ending with taxable years ending on or
34 before December 31, 2007, a taxpayer shall be allowed a

1 credit against the tax imposed by subsections (a) and (b) of
2 Section 201 for contributing to the development of affordable
3 housing in this State. The credit allowed against the tax
4 imposed by subsections (a) and (b) of Section 201, to be
5 termed the "affordable housing donation tax credit", shall be
6 equal to 50% of the value of the taxpayer's donation. Tax
7 credits for employer-assisted housing are limited to that
8 pool of tax credits that have been set aside for
9 employer-assisted housing. Tax credits for general operating
10 support are limited to 10% of the total tax credit allocation
11 for a project and are also limited to that pool of tax
12 credits that have been set aside for general operating
13 support. Tax credits for technical assistance are limited to
14 that pool of tax credits that have been set aside for
15 technical assistance.

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

23 The tax credit may be sold or transferred by the donor to
24 another taxpayer either directly or through an intermediary
25 organization. The third party beneficiary of the sale or
26 transfer of the credit must be linked to the sale and
27 transfer of an ownership interest in the project by being a
28 donor to the project.

29 (c) The not-for-profit sponsor shall make application
30 for approval of a project to the housing authority that
31 administers this program. The housing authority shall
32 reserve the credits for an approved project for 24 months
33 from the date of approval. The sponsor must receive an
34 eligible donation within that time period or forfeit the tax

1 credit. The housing authority shall administer, issue, and
2 audit the credit. The Department of Revenue shall not
3 administer the credit.

4 (d) The not-for-profit organization receiving the
5 donation shall maintain and record such information as the
6 Department may require by regulation regarding the affordable
7 housing project and donation for which the credit is claimed.
8 The sponsor shall be responsible for maintaining the
9 project's eligibility under this Section and associated
10 rules.

11 (e) The Illinois Housing Development Authority shall
12 adopt rules establishing criteria for designating
13 not-for-profit organizations that are qualified to receive
14 donations that are eligible for a tax credit under this
15 Section. The criteria shall require that designated
16 not-for-profit organizations use donations solely for (i)
17 costs associated with constructing or rehabilitating
18 affordable housing units in this State, (ii) technical
19 assistance, or (iii) general operating expenses.

20 (f) The housing authority that issues the credit shall
21 record against the land upon which the project resides an
22 instrument to assure that the property maintains its
23 affordable housing compliance for 10 years. The housing
24 authority shall have flexibility to assure that the
25 instrument does not cause undue hardship on homeowners.

26 (g) The amount of tax credits awarded shall be limited
27 to \$13 million in the initial year and shall increase each
28 year by 5%. The City of Chicago shall receive 24.5% of the
29 total tax credits authorized for each fiscal year. The
30 Illinois Housing Development Authority shall receive the
31 balance of the tax credits authorized for each fiscal year.
32 The tax credits may be used anywhere in the State. The tax
33 credits shall have the following set-asides:

34 (1) For employer-assisted housing, \$2 million; and

1 (2) For technical assistance and general operating
2 support, \$1 million.

3 The balance of the funds shall be used for projects that
4 would otherwise meet the definition of affordable housing
5 project as set forth in this Section.

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