

# 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11 to any unallocated, returned, or rescinded allocations from  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16 returned, or rescinded allocations from previous years,  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21 in addition to any unallocated, returned, or rescinded  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.