

1 AN ACT concerning taxes.

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. Tax credit for affordable housing donations.

8 (a) Beginning with taxable years ending on or after  
9 December 31, 2001 and until the taxable year ending on  
10 December 31, 2006, a taxpayer who makes a donation under  
11 Section 8.24 of the Housing Authorities Act for the  
12 development of affordable housing in this State is entitled  
13 to a credit against the tax imposed by subsections (a) and  
14 (b) of Section 201 in an amount equal to 50% of the value of  
15 the donation. Partners, shareholders of subchapter S  
16 corporations, and owners of limited liability companies (if  
17 the liability company is treated as a partnership for  
18 purposes of federal and State income taxation) are entitled a  
19 credit under this Section to be determined in accordance with  
20 the determination of income and distributive share of income  
21 under Sections 702 and 703 of subchapter S of the Internal  
22 Revenue Code.

23 (b) If the amount of the credit exceeds the tax  
24 liability for the year, the excess may be carried forward and  
25 applied to the tax liability of the 5 taxable years following  
26 the excess credit year. The tax credit shall be applied to  
27 the earliest year for which there is a tax liability. If  
28 there are credits for more than one year that are available  
29 to offset a liability, the earlier credit shall be applied  
30 first.

31 (c) The transfer of the tax credit allowed under this

1 Section may be made (i) to the purchaser of land that has  
2 been designated solely for affordable housing projects in  
3 accordance with the Housing Authorities Act or (ii) to  
4 another donor who has also made an eligible donation to the  
5 sponsor of an affordable housing project in accordance with  
6 the Housing Authorities Act.

7 (d) A taxpayer claiming the credit provided by this  
8 Section must maintain and record any information that the  
9 Department may require by regulation regarding the affordable  
10 housing project for which the credit is claimed. When  
11 claiming the credit provided by this Section, the taxpayer  
12 must provide information regarding the taxpayer's donation to  
13 the development of affordable housing under the Housing  
14 Authorities Act.

15 Section 10. The Housing Authorities Act is amended by

16 adding Section 8.24 as follows:

17 (310 ILCS 10/8.24 new)

18 Sec. 8.24. Tax credit for donation to sponsors.

19 (a) In this Act:

20 "Affordable housing project" means either (i) a rental  
21 project in which at least 25% of the units have rents  
22 (including tenant-paid heat) that do not exceed, on a monthly  
23 basis, 30% of the gross monthly income of a household earning  
24 60% of the area median income and at least 25% of the units  
25 are occupied by persons and families whose incomes do not  
26 exceed 60% of the median family income for the geographic  
27 area in which the residential unit is located or (ii) a unit  
28 for sale to homebuyers whose gross household income is at or  
29 below 60% of the area median income and who pay no more than  
30 30% of their gross household income for mortgage principal,  
31 interest, property taxes, and property insurance (PITI).

32 "Donation" means money, securities, or real or personal

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1 property that is donated to a not-for-profit sponsor that is  
2 used solely for costs associated with either (i) purchasing,  
3 constructing, or rehabilitating an affordable housing project  
4 in this State, (ii) an employer-assisted housing project in  
5 this State, (iii) general operating support, or (iv)  
6 technical assistance as defined by this Section.

7 "Sponsor" means a not-for-profit organization that (i) is  
8 organized under the General Not For Profit Corporation Act of  
9 1986 for the purpose of constructing or rehabilitating  
10 affordable housing units in this State; (ii) is organized for  
11 the purpose of constructing or rehabilitating affordable  
12 housing units and has been issued a ruling from the Internal  
13 Revenue Service of the United States Department of the  
14 Treasury that the organization is exempt from income taxation  
15 under provisions of the Internal Revenue Code; or (iii) is an  
16 organization designated as a community development  
17 corporation by the United States government under Title VII  
18 of the Economic Opportunity Act of 1964.

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

28 "General operating support" means any cost incurred by a  
29 sponsor that is a part of its general program costs and is  
30 not limited to costs directly incurred by the affordable  
31 housing project.

32 "Geographical area" means the metropolitan area or county  
33 designated as an area by the federal Department of Housing  
34 and Urban Development under Section 8 of the United States

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1 Housing Act of 1937, as amended, for purposes of determining

2 fair market rental rates.

3 "Housing authority" means either the Illinois Housing  
4 Development Authority or the Department of Housing of the  
5 City of Chicago.

6 "Median income" means the incomes that are determined by  
7 the federal Department of Housing and Urban Development  
8 guidelines and adjusted for family size.

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

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

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

27 (d) Tax credits for employer-assisted housing are  
28 limited to that pool of tax credits that have been set aside  
29 for employer-assisted housing. Tax credits for general  
30 operating support are limited to 10% of the total tax credit  
31 allocation for a project and are also limited to that pool of  
32 tax credits that have been set aside for general operating  
33 support. Tax credits for technical assistance are limited to  
34 that pool of tax credits that have been set aside for

1 technical assistance.

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

- 11 (1) for employer-assisted housing, \$2 million; and
- 12 (2) for general operating support and technical  
13 assistance, \$1 million.

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

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

22           Section 99. Effective date. This Act takes effect upon  
23 becoming law.