

**Report to the Illinois General Assembly:
Illinois Historic Preservation Tax Credit Pilot Program**

Provided by the Illinois Department of Commerce and

Economic Opportunity

December 31, 2015





Illinois
Department of Commerce
& Economic Opportunity
Bruce Rauner, Governor

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December 31, 2015

Dear Members of the General Assembly:

The enclosed information fulfills the statutory directive requiring the Illinois Department of Commerce and Economic Opportunity (DCEO) to report annually to the members of the Illinois General Assembly on the status of the Historic Preservation Tax Credit Pilot Program Act (35 ILCS 30/).

The Historic Preservation Pilot Program officially became effective on January 1, 2010. Moreover, the purpose of the pilot program is to encourage the revitalization of a hotel that is located in the City of Peoria and that is defined as a certified historic structure. The substantial rehabilitation investments placed into the hotel will create permanent jobs, indirect construction jobs; increased economic activity in the Peoria area, and it would include revenue effects to local taxing bodies. The Illinois Historic Preservation Tax Credit Pilot Program is operated by DCEO, in consultation with the Illinois Historic Preservation Agency (IHPA).

I trust you find the Historic Preservation Tax Credit Pilot Program Report useful.

Sincerely,

A handwritten signature in black ink that reads "James M. Schultz".

James M Schultz
Director



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II. Introduction

The Historic Preservation Tax Credit Pilot Program provides a state income-tax credit equal to 25% of a project's qualified expenditures (not to exceed \$10 million) to the owner of a qualified Peoria based hotel. Rehabilitation investments were envisioned to create jobs in Illinois, stimulate the economies of the affected Peoria community, and revitalize a historic structure. To date, the program's lone qualified historic structure is Peoria's Pere Marquette Hotel. Revitalization of the Pere Marquette Hotel generated over \$43 million in qualified expenditures, of which \$10 million was granted to the applicant in the form of tax credits.

The Pilot Program allows the Department of Commerce to collect an issuance fee equal to 2% of the tax credits. Issuance fees are to be divided equally between the Department and Historic Preservation Agency. Issuance fees of \$200,000 have been collected and distributed equally between the Department of Commerce and Economic Opportunity and Illinois Historic Preservation Agency.

Effectiveness

A preliminary analysis* of the data provided on the Peoria Downtown Hotel project shows the following potential impacts:

Construction Phase (direct plus indirect effects):

Economic Activity in the Peoria area = \$131,000,000.

Jobs (job years) Created in Peoria = 840.

Operations Phase (annual effects, direct plus indirect effects):

Annual Economic Activity in the Peoria area = \$30,800,000.

Annual Jobs (job years) Created in Peoria = 250

**Preliminary Economic Impact Projection for Peoria Downtown Hotel prepared by Robert C. Scott, Ph. D., Bradley University.*

Additional effects to be considered could include revenue effects to local taxing bodies (city, county, library, etc.) as well as possible additional synergistic effects.

III. Qualified Projects

Only one project, the Pere Marquette Hotel, LLC, has qualified under the requirements of the program:

Project	Address	Contact	Contact Number	Total Qualified Expenditures	Tax Credit Amount
Pere Marquette Hotel, LLC	501 Main Street Peoria, IL 61602	Gary Mathews	309-644-1596	\$43,307,348	\$10,000,000

IV. Transfer of Tax Credits

In accordance with the Historic Preservation Tax Credit Pilot Program Act (35 ILCS 30/), tax credits earned can be sold, assigned, conveyed or otherwise transferred. The lone tax credit recipient, Pere Marquette Hotel, LLC requested transfer of the entire earned tax credit (totaling \$10 million) to Wal-Mart Stores Inc. and Subsidiaries (\$8 million) and Union Pacific Railroad Company (\$2 million) in December, 2013. The requested transfer occurred in January, 2014 after completion of Department of Commerce and Economic Opportunity due-diligence which determined the transfer request eligible.

V. Job Creation – Direct

Approximately 250,000 construction labor hours were reported in the rehabilitation of the hotel project. This equates to approximately 100 workers at 35 hours per week for approximately 71 weeks.

Before renovation, the hotel was non-operational and employed no individuals. Investigation by Department of Commerce and Economic Opportunity staff in 2015 reports that renovation of the hotel has created 154 ongoing full-time jobs.

VI. Awards

Pere Marquette Hotel received the “Landmarks Illinois Richard H. Driehaus Foundation 2014 President’s Award for Rehabilitation.” The *President’s Award for Rehabilitation* represents one of the top awards offered by the Landmark’s organization, and takes into account the caliber of the renovation, history of the structure, and degree to which the building is endangered or at the risk of demolition.

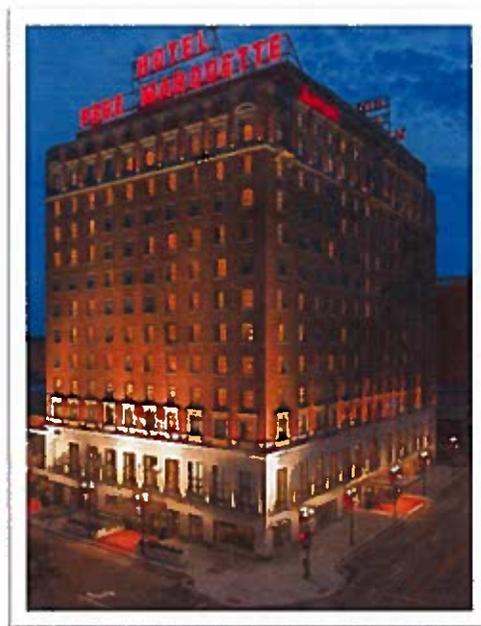
This honor is awarded to Illinois historic rehabilitation projects that make possible the continued use of a historic commercial/industrial, residential, or public/institutional structure.



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Landmarks' typical project receives 23-30 historic rehabilitation nomination annually. Landmarks' webpage (www.landmarks.org/awards_2014_pere_marquette_peoria.htm) highlight the 1920's era Pere Marquette hotel noting that the hotel "... was both an anchor to the city's downtown district and one of the most upscale hotel and event spaces in the State of Illinois." Through the help of this tax credit program, the formerly vacant hotel is now fully operational once again.



VII. 2015 Update

The Pere Marquette Hotel renovation project was completed during the latter part of calendar year 2013. No additional projects have qualified for this credit.