



Sen. Heather A. Steans

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1 AMENDMENT TO SENATE BILL 316

2 AMENDMENT NO. _____. Amend Senate Bill 316 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Cannabis Regulation and Taxation Act.

6 Section 5. Purpose and findings.

7 (a) In the interest of allowing law enforcement to focus on
8 violent and property crimes, generating revenue for education
9 and other public purposes, and individual freedom, the General
10 Assembly finds and declares that the use of cannabis should be
11 legal for persons 21 years of age or older and taxed in a
12 manner similar to alcohol.

13 (b) In the interest of the health and public safety of our
14 citizenry, the General Assembly further finds and declares that
15 cannabis should be regulated in a manner similar to alcohol so
16 that:

1 (1) individuals will have to show proof of age before
2 purchasing cannabis;

3 (2) selling, distributing, or transferring cannabis to
4 minors and other individuals under 21 years of age shall
5 remain illegal;

6 (3) driving under the influence of cannabis shall
7 remain illegal;

8 (4) legitimate, taxpaying business people, and not
9 criminal actors, will conduct sales of cannabis; and

10 (5) cannabis sold in this State will be tested,
11 labeled, and subject to additional regulations to ensure
12 that consumers are informed and protected.

13 (c) In the interest of enacting rational policies for the
14 treatment of all variations of the cannabis plant, the General
15 Assembly further finds and declares that hemp should be
16 regulated separately from strains of cannabis with higher
17 delta-9 tetrahydrocannabinol (THC) concentrations.

18 (d) The General Assembly further finds and declares that it
19 is necessary to ensure consistency and fairness in the
20 application of this Act throughout the State and that,
21 therefore, the matters addressed by this Act are, except as
22 specified in this Act, matters of statewide concern.

23 Section 10. Definitions. As used in this Act:

24 "Cannabis" has the meaning given that term in Section 3 of
25 the Cannabis Control Act. "Cannabis" does not include hemp, nor

1 does it include fiber produced from the stalks, oil or cake
2 made from the seeds of the plant, sterilized seed of the plant
3 which is incapable of germination, or the weight of any other
4 ingredient combined with cannabis to prepare topical or oral
5 administrations, food, drink, or other product.

6 "Cannabis accessories" means any equipment, products, or
7 materials of any kind which are used, intended for use, or
8 designed for use in planting, propagating, cultivating,
9 growing, harvesting, composting, manufacturing, compounding,
10 converting, producing, processing, preparing, testing,
11 analyzing, packaging, repackaging, storing, vaporizing, or
12 containing cannabis, or for ingesting, inhaling, or otherwise
13 introducing cannabis into the human body.

14 "Cannabis cultivation facility" means an entity registered
15 to cultivate, prepare, and package cannabis and sell cannabis
16 to retail cannabis stores, to cannabis product manufacturing
17 facilities, to on-site consumption establishments, and to
18 other cannabis cultivation facilities, but not to consumers. A
19 cannabis cultivation facility may not produce cannabis
20 concentrates, tinctures, extracts, or other cannabis products.

21 "Cannabis establishment" means a cannabis cultivation
22 facility, an on-site consumption establishment, a cannabis
23 testing facility, a cannabis product manufacturing facility,
24 or a retail cannabis store.

25 "Cannabis product manufacturing facility" means an entity
26 registered to purchase cannabis; manufacture, prepare, and

1 package cannabis products; and sell cannabis and cannabis
2 products to cannabis product manufacturing facilities, on-site
3 consumption establishments, and retail cannabis stores, but
4 not to consumers.

5 "Cannabis products" means concentrated cannabis products
6 and cannabis products that are comprised of cannabis and other
7 ingredients which are intended for use or consumption,
8 including, but not limited to, edible products, ointments, and
9 tinctures.

10 "Cannabis testing facility" means an entity registered to
11 test cannabis for potency and contaminants.

12 "Consumer" means a person 21 years of age or older who
13 purchases cannabis or cannabis products for personal use by
14 persons 21 years of age or older, but not for resale.

15 "Department" means the Department of Public Health or its
16 successor agency.

17 "Immature cannabis plant" means a cannabis plant that has
18 not flowered and which does not have buds that may be observed
19 by visual examination.

20 "Hemp" means the plant of the genus cannabis and any part
21 of that plant, whether growing or not, with a delta-9
22 tetrahydrocannabinol concentration that does not exceed
23 three-tenths percent on a dry weight basis of any part of the
24 plant cannabis, or per volume or weight of cannabis product, or
25 the combined percent of delta-9 tetrahydrocannabinol and
26 tetrahydrocannabinolic acid in any part of the plant cannabis

1 regardless of moisture content.

2 "Local regulatory authority" means the office or entity
3 designated to process cannabis establishment applications by a
4 municipality or, in reference to a location outside the
5 boundaries of a municipality, a county.

6 "On-site consumption establishment" means an entity
7 registered to sell cannabis or cannabis products for on-site
8 consumption by means other than smoking.

9 "Possession limit" means the following amount of cannabis
10 that may be possessed at any one time by a person 21 years of
11 age or older:

12 (1) for a resident of this State, the possession limit is
13 no more than:

14 (i) 28 grams of cannabis, no more than 5 grams of which
15 may be concentrated cannabis;

16 (ii) 5 cannabis plants; and

17 (iii) any additional cannabis produced by the person's
18 cannabis plants; provided that any amount of cannabis in
19 excess of 28 grams of cannabis must be possessed in the
20 same secure facility where the plants were cultivated; and

21 (2) for a person who is not a resident of this State, the
22 possession limit is no more than 14 grams of cannabis,
23 including up to 2 grams of concentrated cannabis.

24 "Public place" means any place to which the general public
25 has access, other than licensed on-site consumption
26 establishments or permitted special events, authorized in

1 accordance with Department rule and local authorization.

2 "Retail cannabis store" means an entity registered to
3 purchase cannabis from cannabis cultivation facilities and
4 cannabis and cannabis products from cannabis product
5 manufacturing facilities and to sell cannabis and cannabis
6 products to consumers.

7 "Unreasonably impracticable" means that the measures
8 necessary to comply with the rules require such a high
9 investment of risk, money, time, or any other resource or asset
10 that the operation of a cannabis establishment is not feasible
11 of being carried out in practice by a reasonably prudent
12 businessperson.

13 "Unit of local government" means a municipality or, in
14 reference to a location outside the boundaries of a
15 municipality, a county.

16 Section 15. Personal use of cannabis. Notwithstanding any
17 other provision of law, except as otherwise provided in this
18 Act, the following acts are not a violation and shall not be a
19 criminal or civil offense under State law or the law of any
20 political subdivision of this State or be a basis for seizure
21 or forfeiture of assets under State law for persons 21 years of
22 age or older:

23 (1) possessing, consuming, growing, using, processing,
24 purchasing, or transporting an amount of cannabis that does not
25 exceed the possession limit;

1 (2) transferring an amount of cannabis that does not exceed
2 the possession limit to a person who is 21 years of age or
3 older without remuneration;

4 (3) controlling property if actions that are described by
5 this Section occur; and

6 (4) assisting another person who is 21 years of age or
7 older in any of the acts described in this Section.

8 Section 20. Restrictions on personal cultivation; penalty.

9 (a) A person may not cultivate cannabis plants in a manner
10 that is contrary to this Section.

11 (b) Cannabis plants may not be cultivated in a location
12 where the plants are subject to public view, including view
13 from another private property, without the use of binoculars,
14 aircraft, or other optical aids.

15 (c) A person who cultivates cannabis must take reasonable
16 precautions to ensure the plants are secure from unauthorized
17 access and access by a person under 21 years of age. For
18 purposes of illustration and not limitation, cultivating
19 cannabis in an enclosed, locked space that persons under 21
20 years of age do not possess a key to constitutes reasonable
21 precautions.

22 (d) Cannabis cultivation may only occur on property
23 lawfully in possession of the cultivator or with the consent of
24 the person in lawful possession of the property.

25 (e) Sentence. A person who violates this Section is guilty

1 of a civil violation punishable by a fine of up to \$750.

2 Section 25. Public smoking banned; penalty. A person may
3 not smoke cannabis in a public place. A person who violates
4 this Section is guilty of a civil violation punishable by a
5 fine of up to \$100.

6 Section 30. Consuming cannabis in a moving vehicle
7 prohibited; penalty.

8 (a) A person may not consume cannabis while operating or
9 driving a motor vehicle, boat, vessel, aircraft, or other
10 motorized device used for transportation.

11 (b) A person found in violation of this Section may be
12 fined not more than \$200 or have his or her driver's license
13 suspended for up to 6 months, or both, for the first violation.

14 (c) A person found in violation of this Section may be
15 fined not more than \$500 or have his or her driver's license
16 suspended for up to one year, or both, for each second or
17 subsequent violation.

18 Section 35. False identification; penalty.

19 (a) A person who is under 21 years of age may not present
20 or offer to a cannabis establishment or the cannabis
21 establishment's agent or employee any written or oral evidence
22 of age that is false, fraudulent, or not actually the person's
23 own, for the purpose of:

1 (1) purchasing, attempting to purchase, or otherwise
2 procuring or attempting to procure cannabis; or

3 (2) gaining access to a cannabis establishment.

4 (b) Sentence. A person who violates this Section is guilty
5 of a civil violation punishable by a fine not less than \$200
6 and not more than \$400.

7 Section 40. Unlawful cannabis extraction; penalties.

8 (a) A person, other than a cannabis product manufacturer
9 complying with this Act and Department rules, may not perform
10 solvent-based extractions on cannabis using solvents other
11 than water glycerin, propylene glycol, vegetable oil, or food
12 grade ethanol.

13 (b) A person may not extract compounds from cannabis using
14 ethanol in the presence or vicinity of open flame.

15 (c) Sentence. A person who violates this Section is guilty
16 of a Class 4 felony.

17 Section 45. Cannabis accessories authorized.

18 (a) Notwithstanding any other provision of law, it is not a
19 violation or an offense under State law or an ordinance of any
20 political subdivision of this State or be a basis for seizure
21 or forfeiture of assets under State law for persons 21 years of
22 age or older to manufacture, possess, or purchase cannabis
23 accessories, or to distribute or sell cannabis accessories to a
24 person who is 21 years of age or older.

1 (b) A person who is 21 years of age or older may
2 manufacture, possess, and purchase cannabis accessories, and
3 to distribute or sell cannabis accessories to a person who is
4 21 years of age or older.

5 Section 50. Lawful operation of cannabis-related
6 facilities.

7 (a) Notwithstanding any other provision of law, the
8 following acts, when performed by a retail cannabis store with
9 a current, valid registration, or a person 21 years of age or
10 older who is acting in his or her capacity as an owner,
11 employee, or agent of a retail cannabis store, are not a
12 violation and shall not be an offense under State law or be a
13 basis for seizure or forfeiture of assets under State law:

14 (1) possessing, displaying, storing, or transporting
15 cannabis or cannabis products;

16 (2) purchasing cannabis from a cannabis cultivation
17 facility;

18 (3) purchasing cannabis or cannabis products from a
19 cannabis product manufacturing facility;

20 (4) delivering or transferring cannabis or cannabis
21 products to a cannabis testing facility; and

22 (5) delivering, distributing, or selling cannabis or
23 cannabis products to consumers or retail cannabis stores.

24 (b) Notwithstanding any other provision of law, the
25 following acts, when performed by an on-site consumption

1 establishment with a current, valid registration, or a person
2 21 years of age or older who is acting in his or her capacity as
3 an owner, employee, or agent of an on-site consumption
4 establishment, are not a violation and shall not be an offense
5 under State law or be a basis for seizure or forfeiture of
6 assets under State law:

7 (1) possessing, displaying, storing, or transporting
8 cannabis or cannabis products;

9 (2) purchasing cannabis from a cannabis cultivation
10 facility;

11 (3) purchasing cannabis or cannabis products from a
12 cannabis product manufacturing facility;

13 (4) delivering or transferring cannabis or cannabis
14 products to a cannabis testing facility; and

15 (5) delivering, distributing, or selling cannabis or
16 cannabis products to consumers or on-site consumption
17 establishments.

18 (c) Notwithstanding any other provision of law, the
19 following acts, when performed by a cannabis cultivation
20 facility with a current, valid registration, or a person 21
21 years of age or older who is acting in his or her capacity as an
22 owner, employee, or agent of a cannabis cultivation facility,
23 are not a violation and shall not be an offense under State law
24 or be a basis for seizure or forfeiture of assets under State
25 law:

26 (1) cultivating, harvesting, processing, packaging,

1 transporting, displaying, storing, or possessing cannabis;

2 (2) delivering or transferring cannabis to a cannabis
3 testing facility;

4 (3) delivering, distributing, or selling cannabis to a
5 cannabis cultivation facility, a cannabis product
6 manufacturing facility, an on-site consumption
7 establishment, or a retail cannabis store;

8 (4) receiving or purchasing cannabis from a cannabis
9 cultivation facility; and

10 (5) receiving cannabis seeds or immature cannabis
11 plants from a person 21 years of age or older.

12 (d) Notwithstanding any other provision of law, the
13 following acts, when performed by a product manufacturing
14 facility with a current, valid registration, or a person 21
15 years of age or older who is acting in his or her capacity as an
16 owner, employee, or agent of a product manufacturing facility,
17 are not a violation and shall not be an offense under State law
18 or be a basis for seizure or forfeiture of assets under State
19 law:

20 (1) packaging, processing, transporting,
21 manufacturing, displaying, or possessing cannabis or
22 cannabis products;

23 (2) delivering or transferring cannabis or cannabis
24 products to a cannabis testing facility;

25 (3) delivering or selling cannabis or cannabis
26 products to a retail cannabis store, on-site consumption

1 establishment, or a cannabis product manufacturing
2 facility;

3 (4) purchasing cannabis from a cannabis cultivation
4 facility; and

5 (5) purchasing cannabis or cannabis products from a
6 cannabis product manufacturing facility.

7 (e) Notwithstanding any other provision of law, the
8 following acts, when performed by a cannabis testing facility
9 with a current, valid registration, or a person 21 years of age
10 or older who is acting in his or her capacity as an owner,
11 employee, or agent of a cannabis testing facility, are not a
12 violation and shall not be an offense under State law or be a
13 basis for seizure or forfeiture of assets under State law:

14 (1) possessing, cultivating, processing, repackaging,
15 storing, transporting, or displaying cannabis or cannabis
16 products;

17 (2) receiving cannabis or cannabis products from a
18 cannabis establishment or a person 21 years of age or
19 older; and

20 (3) returning cannabis or cannabis products to a
21 cannabis establishment, or a person 21 years of age or
22 older.

23 f) Notwithstanding any other provision of law, the
24 possession and transportation of cannabis by a common carrier
25 or any other person acting in a capacity as an employee or
26 agent of a common carrier is not a violation and shall not be

1 an offense under State law.

2 (g) Nothing in this Section prevents the imposition of
3 penalties for violating this Act or rules adopted by the
4 Department or units of local government under this Act.

5 Section 55. Verifying the age of cannabis consumers.

6 (a) A cannabis establishment or an agent or staff person of
7 a cannabis establishment may not sell, deliver, give, transfer,
8 or otherwise furnish cannabis to a person under 21 years of
9 age.

10 (b) Except as otherwise provided in this Section, in a
11 prosecution for selling, transferring, delivering, giving, or
12 otherwise furnishing cannabis, cannabis products, or cannabis
13 paraphernalia to any person who is under 21 years of age, it is
14 a complete defense if:

15 (1) the person who sold, gave, or otherwise furnished
16 cannabis, cannabis products, or cannabis paraphernalia was
17 a retailer or on-site consumption establishment or was
18 acting in his or her capacity as an owner, employee, or
19 agent of a retailer or on-site consumption establishment at
20 the time the cannabis, cannabis products, or cannabis
21 paraphernalia was sold, given, or otherwise furnished to
22 the person; and

23 (2) before selling, giving, or otherwise furnishing
24 cannabis, cannabis products, or cannabis paraphernalia to
25 a person who is under 21 years of age, the person who sold,

1 gave, or otherwise furnished the cannabis or cannabis
2 paraphernalia, or a staff person or agent of the retailer,
3 was shown a document which appeared to be issued by an
4 agency of a federal, state, tribal, or foreign sovereign
5 government and which indicated that the person to whom the
6 cannabis or cannabis paraphernalia was sold, given, or
7 otherwise furnished was 21 years of age or older at the
8 time the cannabis or cannabis paraphernalia was sold,
9 given, or otherwise furnished to the person.

10 (c) The complete defense under this Section does not apply
11 if:

12 (1) the document which was shown to the person who
13 sold, gave, or otherwise furnished the cannabis, cannabis
14 products, or cannabis paraphernalia was counterfeit,
15 forged, altered, or issued to a person other than the
16 person to whom the cannabis, cannabis products, or cannabis
17 paraphernalia was sold, given, or otherwise furnished; and

18 (2) under the circumstances, a reasonable person would
19 have known or should have known that the document was
20 counterfeit, forged, altered, or issued to a person other
21 than the person to whom the cannabis, cannabis products, or
22 cannabis paraphernalia was sold, given, or otherwise
23 furnished.

24 Section 60. Rulemaking.

25 (a) Not later than 180 days after the effective date of

1 this Act, the Department shall adopt rules necessary for
2 implementation of this Act. The rules shall not prohibit the
3 operation of cannabis establishments, either expressly or
4 through rules that make their operation unreasonably
5 impracticable. The rules shall include:

6 (1) procedures for the issuance, renewal, suspension,
7 and revocation of a registration to operate a cannabis
8 establishment, with the procedures subject to all
9 requirements of the Illinois Administrative Procedure Act;

10 (2) a schedule of application, registration, and
11 renewal fees, provided, application fees shall not exceed
12 \$5,000, with this upper limit adjusted annually for
13 inflation, unless the Department determines a greater fee
14 is necessary to carry out its responsibilities under this
15 Act;

16 (3) qualifications for registration which are directly
17 and demonstrably related to the operation of a cannabis
18 establishment;

19 (4) security requirements including lighting, physical
20 security, video, and alarm requirements;

21 (5) requirements for the transportation and storage of
22 cannabis and cannabis products by cannabis establishments;

23 (6) employment and training requirements, including
24 requiring that each cannabis establishment create an
25 identification badge for each employee or agent;

26 (7) requirements designed to prevent the sale or

1 diversion of cannabis and cannabis products to persons
2 under 21 years of age;

3 (8) standards for cannabis product manufacturers to
4 determine the amount of cannabis that cannabis products are
5 considered the equivalent to;

6 (9) requirements for cannabis and cannabis products
7 sold or distributed by a cannabis establishment, including
8 requiring cannabis products' labels to include the
9 following:

10 (A) the length of time it typically takes for a
11 product to take effect;

12 (B) the amount of cannabis the product is
13 considered the equivalent to;

14 (C) disclosing ingredients and possible allergens;

15 (D) a nutritional fact panel;

16 (E) requiring opaque, child resistant packaging,
17 which must be designed or constructed to be
18 significantly difficult for children under 5 years of
19 age to open and not difficult for normal adults to use
20 properly as defined by 16 C.F.R. 1700.20 (1995); and

21 (F) requiring that edible cannabis products be
22 clearly identifiable, when practicable, with a
23 standard symbol indicating that it contains cannabis;

24 (10) health and safety rules and standards for the
25 manufacture of cannabis products and both the indoor and
26 outdoor cultivation of cannabis by cannabis

1 establishments;

2 (11) restrictions on advertising, marketing, and
3 signage including, but not limited to, a prohibition on
4 mass-market campaigns that have a high likelihood of
5 reaching minors;

6 (12) restrictions on the display of cannabis and
7 cannabis products, including to ensure that cannabis and
8 cannabis products may not be displayed in a manner that is
9 visible to the general public from a public right-of-way;

10 (13) restrictions or prohibitions on additives to
11 cannabis and cannabis-infused products, including, but not
12 limited to, those that are toxic, designed to make the
13 product more addictive, designed to make the product more
14 appealing to children, or misleading to consumers; the
15 prohibition may not extend to common baking and cooking
16 items;

17 (14) restrictions on the use of pesticides that are
18 injurious to human health;

19 (15) rules governing visits to cultivation facilities
20 and product manufacturers, including requiring the
21 cannabis establishment to log in visitors;

22 (16) a definition of the amount of delta-9
23 tetrahydrocannabinol that constitutes a single serving in
24 a cannabis product;

25 (17) standards for the safe manufacture of cannabis
26 extracts and concentrates;

1 (18) requirements that educational materials be
2 disseminated to consumers who purchase cannabis-infused
3 products;

4 (19) requirements for random sample testing to ensure
5 quality control, including by ensuring that cannabis and
6 cannabis infused products are accurately labeled for
7 potency. The testing analysis must include testing for
8 residual solvents, poisons, or toxins; harmful chemicals;
9 dangerous molds or mildew; filth; and harmful microbials
10 such as E. Coli or salmonella and pesticides;

11 (20) standards for the operation of testing
12 laboratories, including requirements for equipment and
13 qualifications for personnel;

14 (21) civil penalties for the failure to comply with
15 rules adopted under this Act; and

16 (22) procedures for collecting taxes levied on
17 cannabis cultivation facilities.

18 (b) In order to ensure that personal privacy is protected,
19 the Department shall not require a consumer to provide a retail
20 cannabis store with personal information other than government
21 issued identification to determine the consumer's age, and a
22 retail cannabis store may not be required to acquire and record
23 personal information about consumers.

24 Section 65. Cannabis establishment registrations.

25 (a) Each application or renewal application for an annual

1 registration to operate a cannabis establishment shall be
2 submitted to the Department. A renewal application may be
3 submitted up to 90 days prior to the expiration of the cannabis
4 establishment's registration.

5 (b) The Department shall begin accepting and processing
6 applications to operate cannabis establishments one year after
7 the effective date of this Act.

8 (c) Upon receiving an application or renewal application
9 for a cannabis establishment, the Department shall immediately
10 forward a copy of each application and half of the registration
11 application fee to the local regulatory authority for the unit
12 of local government in which the applicant desires to operate
13 the cannabis establishment, unless the unit of local government
14 has not designated a local regulatory authority.

15 (d) Within 45 to 90 days after receiving an application or
16 renewal application, the Department shall issue an annual
17 registration to the applicant, unless the Department finds the
18 applicant is not in compliance with rules adopted under Section
19 60 or the Department is notified by the relevant unit of local
20 government that the applicant is not in compliance with
21 ordinances and rules adopted under Section 70 and in effect at
22 the time of application.

23 (e) If a unit of local government has enacted a numerical
24 limit on the number of cannabis establishments and a greater
25 number of applicants seek registrations, the Department shall
26 solicit and consider input from the local regulatory authority

1 as to the unit of local government's preference or preferences
2 for registration.

3 (f) Upon denial of an application, the Department shall
4 notify the applicant in writing of the specific reason for its
5 denial.

6 (g) Each cannabis establishment registration shall specify
7 the location where the cannabis establishment will operate. A
8 separate registration shall be required for each location at
9 which a cannabis establishment operates.

10 (h) Cannabis establishments and the books and records
11 maintained and created by cannabis establishments may be
12 inspected by the Department.

13 Section 70. Local control.

14 (a) An on-site consumption establishment may only operate
15 if the local regulatory authority of the unit of local
16 government where the establishment is located issued a permit,
17 license, or registration that expressly allows the operation of
18 the on-site consumption establishment.

19 (b) A unit of local government may prohibit the operation
20 of cannabis cultivation facilities, cannabis product
21 manufacturing facilities, cannabis testing facilities, or
22 retail cannabis stores through the enactment of an ordinance or
23 through an initiated or referred measure; provided, any
24 initiated or referred measure to prohibit the operation of
25 cannabis cultivation facilities, cannabis product

1 manufacturing facilities, cannabis testing facilities, or
2 retail cannabis stores must be submitted to voters on a general
3 election ballot.

4 (c) A unit of local government may enact ordinances or
5 rules not in conflict with this Act, or with rules adopted
6 under this Act, governing the time, place, manner, and number
7 of cannabis establishment operations. A unit of local
8 government may establish civil penalties for violation of an
9 ordinance or rules governing the time, place, and manner of
10 operation of a cannabis establishment in the unit of local
11 government.

12 (d) A unit of local government may designate a local
13 regulatory authority that is responsible for processing
14 applications submitted for a registration to operate a cannabis
15 establishment within the boundaries of the unit of local
16 government.

17 (e) A unit of local government may establish procedures for
18 the issuance, suspension, and revocation of a registration
19 issued by the unit of local government in accordance with this
20 Section. These procedures are subject to all requirements of
21 Divisions 5-41 and 5-43 of Article 5 of the Counties Code and
22 Division 2.1 of Article 1 of the Illinois Municipal Code, when
23 applicable.

24 (f) A unit of local government may establish a schedule of
25 annual operating and registration fees for cannabis
26 establishments.

1 Section 75. Employer policies. Nothing in this Act is
2 intended to require an employer to permit or accommodate the
3 use, consumption, possession, transfer, display,
4 transportation, sale, or growing of cannabis in the employer's
5 workplace or to affect the ability of employers to have
6 policies restricting the use of cannabis by employees or
7 discipline employees who are under the influence of cannabis in
8 the employer's workplace.

9 Section 80. Driving under the influence prohibited.
10 Nothing in this Act is intended to allow driving under the
11 influence of cannabis or driving while impaired by cannabis or
12 to supersede laws related to driving under the influence of
13 cannabis or driving while impaired by cannabis.

14 Section 85. Persons under 21 years of age. Nothing in this
15 Act is intended to permit the transfer of cannabis, with or
16 without remuneration, to a person under 21 years of age or to
17 allow a person under 21 years of age to purchase, possess, use,
18 transport, grow, or consume cannabis.

19 Section 90. Private property rights.

20 (a) Except as provided in this Section, the provisions of
21 this Act do not require any person, corporation, or any other
22 entity that occupies, owns, or controls a property to allow the

1 consumption, cultivation, display, sale, or transfer of
2 cannabis on or in that property.

3 (b) In the rental of a residential dwelling, a landlord may
4 not prohibit the possession of cannabis or the consumption of
5 cannabis by non-smoked means unless:

6 (1) the tenant is a boarder who is not leasing the
7 entire residential dwelling;

8 (2) the residence is incidental to detention or the
9 provision of medical, geriatric, educational, counseling,
10 religious, or similar service;

11 (3) the residence is a transitional housing facility;
12 or

13 (4) failing to prohibit cannabis possession or
14 consumption would violate federal law or regulations or
15 cause the landlord to lose a monetary or licensing-related
16 benefit under federal law or regulations.

17 Section 95. Contracts enforceable. It is the public policy
18 of this State that contracts related to the operation of a
19 cannabis establishment registered under this Act should be
20 enforceable. It is the public policy of this State that no
21 contract entered into by a registered cannabis establishment or
22 its employees or agents as permitted under a valid
23 registration, or by those who allow property to be used by a
24 establishment, its employees, or its agents as permitted under
25 a valid registration, shall be unenforceable on the basis that

1 cultivating, obtaining, manufacturing, distributing,
2 dispensing, transporting, selling, possessing, or using
3 cannabis or hemp is prohibited by federal law.

4 Section 100. Cannabis Regulation Fund. The Cannabis
5 Regulation Fund is created as a special Fund in the State
6 treasury consisting of fees collected and civil penalties
7 imposed under this Act, the Cannabis Control Act, and the Drug
8 Paraphernalia Control Act. The Department shall administer the
9 Fund. Monies in the Fund are subject to appropriation for the
10 purposes under this Act.

11 Section 105. Excise tax on cannabis.

12 (a) An excise tax is imposed on the sale or transfer of
13 cannabis from a cannabis cultivation facility to a retail
14 cannabis store, an on-site consumption establishment, or
15 cannabis product manufacturing facility at the rate of:

16 (1) \$50 per 28 grams on all cannabis flowers;

17 (2) \$15 per 25 grams on all parts of cannabis other
18 than cannabis flowers and immature cannabis plants; and

19 (3) \$25 per immature cannabis plant.

20 (b) The rates of tax imposed by this Section apply
21 proportionately to quantities of less than 28 grams.

22 (c) The Department shall adjust the rates annually to
23 account for inflation or deflation based on the Consumer Price
24 Index.

1 (d) On the 15th day of each month, each cannabis
2 cultivation facility shall pay the excise taxes due on the
3 cannabis that the cannabis cultivation facility transferred or
4 sold in the prior calendar month.

5 Section 110. Apportionment of revenue. Revenues generated
6 in excess of the amount needed to implement and enforce this
7 Act by the cannabis excise tax shall be distributed every 3
8 months as follows:

9 (1) 30% shall be distributed to the State Board of
10 Education;

11 (2) 10% shall be distributed to the Department of Public
12 Health for use in evidence-based, voluntary programs for the
13 prevention or treatment of alcohol, tobacco, and cannabis
14 abuse;

15 (3) 10% shall be distributed to the Department of Public
16 Health for a scientifically and medically accurate public
17 education campaign educating youth and adults about the health
18 and safety risks of alcohol, tobacco, and cannabis; and

19 (4) 50% shall be distributed to the General Revenue Fund.

20 Section 115. Medical cannabis. Nothing in this Act shall be
21 construed to limit any privileges or rights of a medical
22 cannabis patient, primary caregiver, or medical cannabis
23 dispensary, under the Compassionate Use of Medical Cannabis
24 Pilot Program Act.

1 Section 120. Short title. Sections 120 through 150 of this
2 Act may be cited as the Industrial Hemp Law.

3 Section 125. Definitions. In this Law:

4 "Department" means the Department of Agriculture.

5 "Director" means the Director of Agriculture.

6 "Industrial hemp" means fibers, seeds, and roots
7 cultivated from plants of the cannabis genus with a THC
8 (tetrahydrocannabinol) content of 1% or less.

9 Section 130. Licenses.

10 (a) A person must be licensed by the Department to grow,
11 process, cultivate, harvest, process, possess, sell, or
12 purchase industrial hemp or industrial hemp related products.

13 (b) The application for a license shall include the name
14 and address of the applicant and the legal description of the
15 real property to be used to grow or process industrial hemp.

16 (c) If the applicant completes the application process to
17 the satisfaction of the Department, then the Department shall
18 issue the license, which shall be valid for 5 years.

19 Section 135. Rules.

20 (a) The application and licensing requirements shall be
21 determined by the Department and set by rule within 180 days
22 after the effective date of this Act.

1 (b) The rules adopted by the Department shall include 2
2 inspections each year of a licensed industrial hemp cultivation
3 operation by the Department, with one of the inspections to be
4 unannounced.

5 (c) The Department shall adopt rules necessary for the
6 administration and enforcement of this Act, including rules
7 concerning standards and criteria for licensure, for the
8 payment of applicable fees, signage, and for forms required for
9 the administration of this Law.

10 Section 140. Hemp products. Nothing in this Law shall alter
11 the legality of hemp or hemp products which are presently legal
12 to possess or own.

13 Section 145. Violation of federal law. Nothing in this Law
14 shall be construed to authorize any person to violate federal
15 rules, regulations, or laws. If any part of this Law conflicts
16 with a provision of the federal laws regarding industrial hemp,
17 the federal provisions shall control to the extent of the
18 conflict.

19 Section 150. Home rule. The regulation and licensing for
20 industrial hemp are exclusive powers and functions of the
21 State. A home rule unit may not regulate or issue licenses for
22 industrial hemp. This Section is a denial and limitation of
23 home rule powers and functions under subsection (h) of Section

1 6 of Article VII of the Illinois Constitution. The power or
2 function shall not be exercised concurrently, either directly
3 or indirectly, by any unit of local government, including home
4 rule units, except as otherwise provided in this Law. This is a
5 limitation of home rule powers.

6 Section 155. Self-executing, severability, conflicting
7 provisions. All provisions of this Act are severable under
8 Section 1.31 of the Statute on Statutes, and, except when
9 otherwise indicated in this Act, shall supersede conflicting
10 statutes, ordinances, or resolutions of units of local
11 government.

12 Section 1001. The State Finance Act is amended by adding
13 Section 5.878 as follows:

14 (30 ILCS 105/5.878 new)

15 Sec. 5.878. The Cannabis Regulation Fund.

16 Section 1005. The Illinois Income Tax Act is amended by
17 changing Section 203 as follows:

18 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

19 Sec. 203. Base income defined.

20 (a) Individuals.

21 (1) In general. In the case of an individual, base

1 income means an amount equal to the taxpayer's adjusted
2 gross income for the taxable year as modified by paragraph
3 (2).

4 (2) Modifications. The adjusted gross income referred
5 to in paragraph (1) shall be modified by adding thereto the
6 sum of the following amounts:

7 (A) An amount equal to all amounts paid or accrued
8 to the taxpayer as interest or dividends during the
9 taxable year to the extent excluded from gross income
10 in the computation of adjusted gross income, except
11 stock dividends of qualified public utilities
12 described in Section 305(e) of the Internal Revenue
13 Code;

14 (B) An amount equal to the amount of tax imposed by
15 this Act to the extent deducted from gross income in
16 the computation of adjusted gross income for the
17 taxable year;

18 (C) An amount equal to the amount received during
19 the taxable year as a recovery or refund of real
20 property taxes paid with respect to the taxpayer's
21 principal residence under the Revenue Act of 1939 and
22 for which a deduction was previously taken under
23 subparagraph (L) of this paragraph (2) prior to July 1,
24 1991, the retrospective application date of Article 4
25 of Public Act 87-17. In the case of multi-unit or
26 multi-use structures and farm dwellings, the taxes on

1 the taxpayer's principal residence shall be that
2 portion of the total taxes for the entire property
3 which is attributable to such principal residence;

4 (D) An amount equal to the amount of the capital
5 gain deduction allowable under the Internal Revenue
6 Code, to the extent deducted from gross income in the
7 computation of adjusted gross income;

8 (D-5) An amount, to the extent not included in
9 adjusted gross income, equal to the amount of money
10 withdrawn by the taxpayer in the taxable year from a
11 medical care savings account and the interest earned on
12 the account in the taxable year of a withdrawal
13 pursuant to subsection (b) of Section 20 of the Medical
14 Care Savings Account Act or subsection (b) of Section
15 20 of the Medical Care Savings Account Act of 2000;

16 (D-10) For taxable years ending after December 31,
17 1997, an amount equal to any eligible remediation costs
18 that the individual deducted in computing adjusted
19 gross income and for which the individual claims a
20 credit under subsection (l) of Section 201;

21 (D-15) For taxable years 2001 and thereafter, an
22 amount equal to the bonus depreciation deduction taken
23 on the taxpayer's federal income tax return for the
24 taxable year under subsection (k) of Section 168 of the
25 Internal Revenue Code;

26 (D-16) If the taxpayer sells, transfers, abandons,

1 or otherwise disposes of property for which the
2 taxpayer was required in any taxable year to make an
3 addition modification under subparagraph (D-15), then
4 an amount equal to the aggregate amount of the
5 deductions taken in all taxable years under
6 subparagraph (Z) with respect to that property.

7 If the taxpayer continues to own property through
8 the last day of the last tax year for which the
9 taxpayer may claim a depreciation deduction for
10 federal income tax purposes and for which the taxpayer
11 was allowed in any taxable year to make a subtraction
12 modification under subparagraph (Z), then an amount
13 equal to that subtraction modification.

14 The taxpayer is required to make the addition
15 modification under this subparagraph only once with
16 respect to any one piece of property;

17 (D-17) An amount equal to the amount otherwise
18 allowed as a deduction in computing base income for
19 interest paid, accrued, or incurred, directly or
20 indirectly, (i) for taxable years ending on or after
21 December 31, 2004, to a foreign person who would be a
22 member of the same unitary business group but for the
23 fact that foreign person's business activity outside
24 the United States is 80% or more of the foreign
25 person's total business activity and (ii) for taxable
26 years ending on or after December 31, 2008, to a person

1 preponderance of the evidence, both of the
2 following:

3 (a) the person, during the same taxable
4 year, paid, accrued, or incurred, the interest
5 to a person that is not a related member, and

6 (b) the transaction giving rise to the
7 interest expense between the taxpayer and the
8 person did not have as a principal purpose the
9 avoidance of Illinois income tax, and is paid
10 pursuant to a contract or agreement that
11 reflects an arm's-length interest rate and
12 terms; or

13 (iii) the taxpayer can establish, based on
14 clear and convincing evidence, that the interest
15 paid, accrued, or incurred relates to a contract or
16 agreement entered into at arm's-length rates and
17 terms and the principal purpose for the payment is
18 not federal or Illinois tax avoidance; or

19 (iv) an item of interest paid, accrued, or
20 incurred, directly or indirectly, to a person if
21 the taxpayer establishes by clear and convincing
22 evidence that the adjustments are unreasonable; or
23 if the taxpayer and the Director agree in writing
24 to the application or use of an alternative method
25 of apportionment under Section 304(f).

26 Nothing in this subsection shall preclude the

1 Director from making any other adjustment
2 otherwise allowed under Section 404 of this Act for
3 any tax year beginning after the effective date of
4 this amendment provided such adjustment is made
5 pursuant to regulation adopted by the Department
6 and such regulations provide methods and standards
7 by which the Department will utilize its authority
8 under Section 404 of this Act;

9 (D-18) An amount equal to the amount of intangible
10 expenses and costs otherwise allowed as a deduction in
11 computing base income, and that were paid, accrued, or
12 incurred, directly or indirectly, (i) for taxable
13 years ending on or after December 31, 2004, to a
14 foreign person who would be a member of the same
15 unitary business group but for the fact that the
16 foreign person's business activity outside the United
17 States is 80% or more of that person's total business
18 activity and (ii) for taxable years ending on or after
19 December 31, 2008, to a person who would be a member of
20 the same unitary business group but for the fact that
21 the person is prohibited under Section 1501(a)(27)
22 from being included in the unitary business group
23 because he or she is ordinarily required to apportion
24 business income under different subsections of Section
25 304. The addition modification required by this
26 subparagraph shall be reduced to the extent that

1 dividends were included in base income of the unitary
2 group for the same taxable year and received by the
3 taxpayer or by a member of the taxpayer's unitary
4 business group (including amounts included in gross
5 income under Sections 951 through 964 of the Internal
6 Revenue Code and amounts included in gross income under
7 Section 78 of the Internal Revenue Code) with respect
8 to the stock of the same person to whom the intangible
9 expenses and costs were directly or indirectly paid,
10 incurred, or accrued. The preceding sentence does not
11 apply to the extent that the same dividends caused a
12 reduction to the addition modification required under
13 Section 203(a)(2)(D-17) of this Act. As used in this
14 subparagraph, the term "intangible expenses and costs"
15 includes (1) expenses, losses, and costs for, or
16 related to, the direct or indirect acquisition, use,
17 maintenance or management, ownership, sale, exchange,
18 or any other disposition of intangible property; (2)
19 losses incurred, directly or indirectly, from
20 factoring transactions or discounting transactions;
21 (3) royalty, patent, technical, and copyright fees;
22 (4) licensing fees; and (5) other similar expenses and
23 costs. For purposes of this subparagraph, "intangible
24 property" includes patents, patent applications, trade
25 names, trademarks, service marks, copyrights, mask
26 works, trade secrets, and similar types of intangible

1 assets.

2 This paragraph shall not apply to the following:

3 (i) any item of intangible expenses or costs
4 paid, accrued, or incurred, directly or
5 indirectly, from a transaction with a person who is
6 subject in a foreign country or state, other than a
7 state which requires mandatory unitary reporting,
8 to a tax on or measured by net income with respect
9 to such item; or

10 (ii) any item of intangible expense or cost
11 paid, accrued, or incurred, directly or
12 indirectly, if the taxpayer can establish, based
13 on a preponderance of the evidence, both of the
14 following:

15 (a) the person during the same taxable
16 year paid, accrued, or incurred, the
17 intangible expense or cost to a person that is
18 not a related member, and

19 (b) the transaction giving rise to the
20 intangible expense or cost between the
21 taxpayer and the person did not have as a
22 principal purpose the avoidance of Illinois
23 income tax, and is paid pursuant to a contract
24 or agreement that reflects arm's-length terms;
25 or

26 (iii) any item of intangible expense or cost

1 paid, accrued, or incurred, directly or
2 indirectly, from a transaction with a person if the
3 taxpayer establishes by clear and convincing
4 evidence, that the adjustments are unreasonable;
5 or if the taxpayer and the Director agree in
6 writing to the application or use of an alternative
7 method of apportionment under Section 304(f);

8 Nothing in this subsection shall preclude the
9 Director from making any other adjustment
10 otherwise allowed under Section 404 of this Act for
11 any tax year beginning after the effective date of
12 this amendment provided such adjustment is made
13 pursuant to regulation adopted by the Department
14 and such regulations provide methods and standards
15 by which the Department will utilize its authority
16 under Section 404 of this Act;

17 (D-19) For taxable years ending on or after
18 December 31, 2008, an amount equal to the amount of
19 insurance premium expenses and costs otherwise allowed
20 as a deduction in computing base income, and that were
21 paid, accrued, or incurred, directly or indirectly, to
22 a person who would be a member of the same unitary
23 business group but for the fact that the person is
24 prohibited under Section 1501(a)(27) from being
25 included in the unitary business group because he or
26 she is ordinarily required to apportion business

1 income under different subsections of Section 304. The
2 addition modification required by this subparagraph
3 shall be reduced to the extent that dividends were
4 included in base income of the unitary group for the
5 same taxable year and received by the taxpayer or by a
6 member of the taxpayer's unitary business group
7 (including amounts included in gross income under
8 Sections 951 through 964 of the Internal Revenue Code
9 and amounts included in gross income under Section 78
10 of the Internal Revenue Code) with respect to the stock
11 of the same person to whom the premiums and costs were
12 directly or indirectly paid, incurred, or accrued. The
13 preceding sentence does not apply to the extent that
14 the same dividends caused a reduction to the addition
15 modification required under Section 203(a)(2)(D-17) or
16 Section 203(a)(2)(D-18) of this Act.

17 (D-20) For taxable years beginning on or after
18 January 1, 2002 and ending on or before December 31,
19 2006, in the case of a distribution from a qualified
20 tuition program under Section 529 of the Internal
21 Revenue Code, other than (i) a distribution from a
22 College Savings Pool created under Section 16.5 of the
23 State Treasurer Act or (ii) a distribution from the
24 Illinois Prepaid Tuition Trust Fund, an amount equal to
25 the amount excluded from gross income under Section
26 529(c)(3)(B). For taxable years beginning on or after

1 January 1, 2007, in the case of a distribution from a
2 qualified tuition program under Section 529 of the
3 Internal Revenue Code, other than (i) a distribution
4 from a College Savings Pool created under Section 16.5
5 of the State Treasurer Act, (ii) a distribution from
6 the Illinois Prepaid Tuition Trust Fund, or (iii) a
7 distribution from a qualified tuition program under
8 Section 529 of the Internal Revenue Code that (I)
9 adopts and determines that its offering materials
10 comply with the College Savings Plans Network's
11 disclosure principles and (II) has made reasonable
12 efforts to inform in-state residents of the existence
13 of in-state qualified tuition programs by informing
14 Illinois residents directly and, where applicable, to
15 inform financial intermediaries distributing the
16 program to inform in-state residents of the existence
17 of in-state qualified tuition programs at least
18 annually, an amount equal to the amount excluded from
19 gross income under Section 529(c)(3)(B).

20 For the purposes of this subparagraph (D-20), a
21 qualified tuition program has made reasonable efforts
22 if it makes disclosures (which may use the term
23 "in-state program" or "in-state plan" and need not
24 specifically refer to Illinois or its qualified
25 programs by name) (i) directly to prospective
26 participants in its offering materials or makes a

1 public disclosure, such as a website posting; and (ii)
2 where applicable, to intermediaries selling the
3 out-of-state program in the same manner that the
4 out-of-state program distributes its offering
5 materials;

6 (D-21) For taxable years beginning on or after
7 January 1, 2007, in the case of transfer of moneys from
8 a qualified tuition program under Section 529 of the
9 Internal Revenue Code that is administered by the State
10 to an out-of-state program, an amount equal to the
11 amount of moneys previously deducted from base income
12 under subsection (a) (2) (Y) of this Section;

13 (D-22) For taxable years beginning on or after
14 January 1, 2009, in the case of a nonqualified
15 withdrawal or refund of moneys from a qualified tuition
16 program under Section 529 of the Internal Revenue Code
17 administered by the State that is not used for
18 qualified expenses at an eligible education
19 institution, an amount equal to the contribution
20 component of the nonqualified withdrawal or refund
21 that was previously deducted from base income under
22 subsection (a) (2) (y) of this Section, provided that
23 the withdrawal or refund did not result from the
24 beneficiary's death or disability;

25 (D-23) An amount equal to the credit allowable to
26 the taxpayer under Section 218(a) of this Act,

1 determined without regard to Section 218(c) of this
2 Act;

3 and by deducting from the total so obtained the sum of the
4 following amounts:

5 (E) For taxable years ending before December 31,
6 2001, any amount included in such total in respect of
7 any compensation (including but not limited to any
8 compensation paid or accrued to a serviceman while a
9 prisoner of war or missing in action) paid to a
10 resident by reason of being on active duty in the Armed
11 Forces of the United States and in respect of any
12 compensation paid or accrued to a resident who as a
13 governmental employee was a prisoner of war or missing
14 in action, and in respect of any compensation paid to a
15 resident in 1971 or thereafter for annual training
16 performed pursuant to Sections 502 and 503, Title 32,
17 United States Code as a member of the Illinois National
18 Guard or, beginning with taxable years ending on or
19 after December 31, 2007, the National Guard of any
20 other state. For taxable years ending on or after
21 December 31, 2001, any amount included in such total in
22 respect of any compensation (including but not limited
23 to any compensation paid or accrued to a serviceman
24 while a prisoner of war or missing in action) paid to a
25 resident by reason of being a member of any component
26 of the Armed Forces of the United States and in respect

1 of any compensation paid or accrued to a resident who
2 as a governmental employee was a prisoner of war or
3 missing in action, and in respect of any compensation
4 paid to a resident in 2001 or thereafter by reason of
5 being a member of the Illinois National Guard or,
6 beginning with taxable years ending on or after
7 December 31, 2007, the National Guard of any other
8 state. The provisions of this subparagraph (E) are
9 exempt from the provisions of Section 250;

10 (F) An amount equal to all amounts included in such
11 total pursuant to the provisions of Sections 402(a),
12 402(c), 403(a), 403(b), 406(a), 407(a), and 408 of the
13 Internal Revenue Code, or included in such total as
14 distributions under the provisions of any retirement
15 or disability plan for employees of any governmental
16 agency or unit, or retirement payments to retired
17 partners, which payments are excluded in computing net
18 earnings from self employment by Section 1402 of the
19 Internal Revenue Code and regulations adopted pursuant
20 thereto;

21 (G) The valuation limitation amount;

22 (H) An amount equal to the amount of any tax
23 imposed by this Act which was refunded to the taxpayer
24 and included in such total for the taxable year;

25 (I) An amount equal to all amounts included in such
26 total pursuant to the provisions of Section 111 of the

1 Internal Revenue Code as a recovery of items previously
2 deducted from adjusted gross income in the computation
3 of taxable income;

4 (J) An amount equal to those dividends included in
5 such total which were paid by a corporation which
6 conducts business operations in a River Edge
7 Redevelopment Zone or zones created under the River
8 Edge Redevelopment Zone Act, and conducts
9 substantially all of its operations in a River Edge
10 Redevelopment Zone or zones. This subparagraph (J) is
11 exempt from the provisions of Section 250;

12 (K) An amount equal to those dividends included in
13 such total that were paid by a corporation that
14 conducts business operations in a federally designated
15 Foreign Trade Zone or Sub-Zone and that is designated a
16 High Impact Business located in Illinois; provided
17 that dividends eligible for the deduction provided in
18 subparagraph (J) of paragraph (2) of this subsection
19 shall not be eligible for the deduction provided under
20 this subparagraph (K);

21 (L) For taxable years ending after December 31,
22 1983, an amount equal to all social security benefits
23 and railroad retirement benefits included in such
24 total pursuant to Sections 72(r) and 86 of the Internal
25 Revenue Code;

26 (M) With the exception of any amounts subtracted

1 under subparagraph (N), an amount equal to the sum of
2 all amounts disallowed as deductions by (i) Sections
3 171(a) (2), and 265(2) of the Internal Revenue Code,
4 and all amounts of expenses allocable to interest and
5 disallowed as deductions by Section 265(1) of the
6 Internal Revenue Code; and (ii) for taxable years
7 ending on or after August 13, 1999, Sections 171(a) (2),
8 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
9 Code, plus, for taxable years ending on or after
10 December 31, 2011, Section 45G(e) (3) of the Internal
11 Revenue Code and, for taxable years ending on or after
12 December 31, 2008, any amount included in gross income
13 under Section 87 of the Internal Revenue Code; the
14 provisions of this subparagraph are exempt from the
15 provisions of Section 250;

16 (N) An amount equal to all amounts included in such
17 total which are exempt from taxation by this State
18 either by reason of its statutes or Constitution or by
19 reason of the Constitution, treaties or statutes of the
20 United States; provided that, in the case of any
21 statute of this State that exempts income derived from
22 bonds or other obligations from the tax imposed under
23 this Act, the amount exempted shall be the interest net
24 of bond premium amortization;

25 (O) An amount equal to any contribution made to a
26 job training project established pursuant to the Tax

1 Increment Allocation Redevelopment Act;

2 (P) An amount equal to the amount of the deduction
3 used to compute the federal income tax credit for
4 restoration of substantial amounts held under claim of
5 right for the taxable year pursuant to Section 1341 of
6 the Internal Revenue Code or of any itemized deduction
7 taken from adjusted gross income in the computation of
8 taxable income for restoration of substantial amounts
9 held under claim of right for the taxable year;

10 (Q) An amount equal to any amounts included in such
11 total, received by the taxpayer as an acceleration in
12 the payment of life, endowment or annuity benefits in
13 advance of the time they would otherwise be payable as
14 an indemnity for a terminal illness;

15 (R) An amount equal to the amount of any federal or
16 State bonus paid to veterans of the Persian Gulf War;

17 (S) An amount, to the extent included in adjusted
18 gross income, equal to the amount of a contribution
19 made in the taxable year on behalf of the taxpayer to a
20 medical care savings account established under the
21 Medical Care Savings Account Act or the Medical Care
22 Savings Account Act of 2000 to the extent the
23 contribution is accepted by the account administrator
24 as provided in that Act;

25 (T) An amount, to the extent included in adjusted
26 gross income, equal to the amount of interest earned in

1 the taxable year on a medical care savings account
2 established under the Medical Care Savings Account Act
3 or the Medical Care Savings Account Act of 2000 on
4 behalf of the taxpayer, other than interest added
5 pursuant to item (D-5) of this paragraph (2);

6 (U) For one taxable year beginning on or after
7 January 1, 1994, an amount equal to the total amount of
8 tax imposed and paid under subsections (a) and (b) of
9 Section 201 of this Act on grant amounts received by
10 the taxpayer under the Nursing Home Grant Assistance
11 Act during the taxpayer's taxable years 1992 and 1993;

12 (V) Beginning with tax years ending on or after
13 December 31, 1995 and ending with tax years ending on
14 or before December 31, 2004, an amount equal to the
15 amount paid by a taxpayer who is a self-employed
16 taxpayer, a partner of a partnership, or a shareholder
17 in a Subchapter S corporation for health insurance or
18 long-term care insurance for that taxpayer or that
19 taxpayer's spouse or dependents, to the extent that the
20 amount paid for that health insurance or long-term care
21 insurance may be deducted under Section 213 of the
22 Internal Revenue Code, has not been deducted on the
23 federal income tax return of the taxpayer, and does not
24 exceed the taxable income attributable to that
25 taxpayer's income, self-employment income, or
26 Subchapter S corporation income; except that no

1 deduction shall be allowed under this item (V) if the
2 taxpayer is eligible to participate in any health
3 insurance or long-term care insurance plan of an
4 employer of the taxpayer or the taxpayer's spouse. The
5 amount of the health insurance and long-term care
6 insurance subtracted under this item (V) shall be
7 determined by multiplying total health insurance and
8 long-term care insurance premiums paid by the taxpayer
9 times a number that represents the fractional
10 percentage of eligible medical expenses under Section
11 213 of the Internal Revenue Code of 1986 not actually
12 deducted on the taxpayer's federal income tax return;

13 (W) For taxable years beginning on or after January
14 1, 1998, all amounts included in the taxpayer's federal
15 gross income in the taxable year from amounts converted
16 from a regular IRA to a Roth IRA. This paragraph is
17 exempt from the provisions of Section 250;

18 (X) For taxable year 1999 and thereafter, an amount
19 equal to the amount of any (i) distributions, to the
20 extent includible in gross income for federal income
21 tax purposes, made to the taxpayer because of his or
22 her status as a victim of persecution for racial or
23 religious reasons by Nazi Germany or any other Axis
24 regime or as an heir of the victim and (ii) items of
25 income, to the extent includible in gross income for
26 federal income tax purposes, attributable to, derived

1 from or in any way related to assets stolen from,
2 hidden from, or otherwise lost to a victim of
3 persecution for racial or religious reasons by Nazi
4 Germany or any other Axis regime immediately prior to,
5 during, and immediately after World War II, including,
6 but not limited to, interest on the proceeds receivable
7 as insurance under policies issued to a victim of
8 persecution for racial or religious reasons by Nazi
9 Germany or any other Axis regime by European insurance
10 companies immediately prior to and during World War II;
11 provided, however, this subtraction from federal
12 adjusted gross income does not apply to assets acquired
13 with such assets or with the proceeds from the sale of
14 such assets; provided, further, this paragraph shall
15 only apply to a taxpayer who was the first recipient of
16 such assets after their recovery and who is a victim of
17 persecution for racial or religious reasons by Nazi
18 Germany or any other Axis regime or as an heir of the
19 victim. The amount of and the eligibility for any
20 public assistance, benefit, or similar entitlement is
21 not affected by the inclusion of items (i) and (ii) of
22 this paragraph in gross income for federal income tax
23 purposes. This paragraph is exempt from the provisions
24 of Section 250;

25 (Y) For taxable years beginning on or after January
26 1, 2002 and ending on or before December 31, 2004,

1 moneys contributed in the taxable year to a College
2 Savings Pool account under Section 16.5 of the State
3 Treasurer Act, except that amounts excluded from gross
4 income under Section 529(c)(3)(C)(i) of the Internal
5 Revenue Code shall not be considered moneys
6 contributed under this subparagraph (Y). For taxable
7 years beginning on or after January 1, 2005, a maximum
8 of \$10,000 contributed in the taxable year to (i) a
9 College Savings Pool account under Section 16.5 of the
10 State Treasurer Act or (ii) the Illinois Prepaid
11 Tuition Trust Fund, except that amounts excluded from
12 gross income under Section 529(c)(3)(C)(i) of the
13 Internal Revenue Code shall not be considered moneys
14 contributed under this subparagraph (Y). For purposes
15 of this subparagraph, contributions made by an
16 employer on behalf of an employee, or matching
17 contributions made by an employee, shall be treated as
18 made by the employee. This subparagraph (Y) is exempt
19 from the provisions of Section 250;

20 (Z) For taxable years 2001 and thereafter, for the
21 taxable year in which the bonus depreciation deduction
22 is taken on the taxpayer's federal income tax return
23 under subsection (k) of Section 168 of the Internal
24 Revenue Code and for each applicable taxable year
25 thereafter, an amount equal to "x", where:

26 (1) "y" equals the amount of the depreciation

1 deduction taken for the taxable year on the
2 taxpayer's federal income tax return on property
3 for which the bonus depreciation deduction was
4 taken in any year under subsection (k) of Section
5 168 of the Internal Revenue Code, but not including
6 the bonus depreciation deduction;

7 (2) for taxable years ending on or before
8 December 31, 2005, "x" equals "y" multiplied by 30
9 and then divided by 70 (or "y" multiplied by
10 0.429); and

11 (3) for taxable years ending after December
12 31, 2005:

13 (i) for property on which a bonus
14 depreciation deduction of 30% of the adjusted
15 basis was taken, "x" equals "y" multiplied by
16 30 and then divided by 70 (or "y" multiplied by
17 0.429); and

18 (ii) for property on which a bonus
19 depreciation deduction of 50% of the adjusted
20 basis was taken, "x" equals "y" multiplied by
21 1.0.

22 The aggregate amount deducted under this
23 subparagraph in all taxable years for any one piece of
24 property may not exceed the amount of the bonus
25 depreciation deduction taken on that property on the
26 taxpayer's federal income tax return under subsection

1 (k) of Section 168 of the Internal Revenue Code. This
2 subparagraph (Z) is exempt from the provisions of
3 Section 250;

4 (AA) If the taxpayer sells, transfers, abandons,
5 or otherwise disposes of property for which the
6 taxpayer was required in any taxable year to make an
7 addition modification under subparagraph (D-15), then
8 an amount equal to that addition modification.

9 If the taxpayer continues to own property through
10 the last day of the last tax year for which the
11 taxpayer may claim a depreciation deduction for
12 federal income tax purposes and for which the taxpayer
13 was required in any taxable year to make an addition
14 modification under subparagraph (D-15), then an amount
15 equal to that addition modification.

16 The taxpayer is allowed to take the deduction under
17 this subparagraph only once with respect to any one
18 piece of property.

19 This subparagraph (AA) is exempt from the
20 provisions of Section 250;

21 (BB) Any amount included in adjusted gross income,
22 other than salary, received by a driver in a
23 ridesharing arrangement using a motor vehicle;

24 (CC) The amount of (i) any interest income (net of
25 the deductions allocable thereto) taken into account
26 for the taxable year with respect to a transaction with

1 a taxpayer that is required to make an addition
2 modification with respect to such transaction under
3 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
4 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
5 the amount of that addition modification, and (ii) any
6 income from intangible property (net of the deductions
7 allocable thereto) taken into account for the taxable
8 year with respect to a transaction with a taxpayer that
9 is required to make an addition modification with
10 respect to such transaction under Section
11 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
12 203(d)(2)(D-8), but not to exceed the amount of that
13 addition modification. This subparagraph (CC) is
14 exempt from the provisions of Section 250;

15 (DD) An amount equal to the interest income taken
16 into account for the taxable year (net of the
17 deductions allocable thereto) with respect to
18 transactions with (i) a foreign person who would be a
19 member of the taxpayer's unitary business group but for
20 the fact that the foreign person's business activity
21 outside the United States is 80% or more of that
22 person's total business activity and (ii) for taxable
23 years ending on or after December 31, 2008, to a person
24 who would be a member of the same unitary business
25 group but for the fact that the person is prohibited
26 under Section 1501(a)(27) from being included in the

1 unitary business group because he or she is ordinarily
2 required to apportion business income under different
3 subsections of Section 304, but not to exceed the
4 addition modification required to be made for the same
5 taxable year under Section 203(a)(2)(D-17) for
6 interest paid, accrued, or incurred, directly or
7 indirectly, to the same person. This subparagraph (DD)
8 is exempt from the provisions of Section 250;

9 (EE) An amount equal to the income from intangible
10 property taken into account for the taxable year (net
11 of the deductions allocable thereto) with respect to
12 transactions with (i) a foreign person who would be a
13 member of the taxpayer's unitary business group but for
14 the fact that the foreign person's business activity
15 outside the United States is 80% or more of that
16 person's total business activity and (ii) for taxable
17 years ending on or after December 31, 2008, to a person
18 who would be a member of the same unitary business
19 group but for the fact that the person is prohibited
20 under Section 1501(a)(27) from being included in the
21 unitary business group because he or she is ordinarily
22 required to apportion business income under different
23 subsections of Section 304, but not to exceed the
24 addition modification required to be made for the same
25 taxable year under Section 203(a)(2)(D-18) for
26 intangible expenses and costs paid, accrued, or

1 incurred, directly or indirectly, to the same foreign
2 person. This subparagraph (EE) is exempt from the
3 provisions of Section 250;

4 (FF) An amount equal to any amount awarded to the
5 taxpayer during the taxable year by the Court of Claims
6 under subsection (c) of Section 8 of the Court of
7 Claims Act for time unjustly served in a State prison.
8 This subparagraph (FF) is exempt from the provisions of
9 Section 250; ~~and~~

10 (GG) For taxable years ending on or after December
11 31, 2011, in the case of a taxpayer who was required to
12 add back any insurance premiums under Section
13 203(a)(2)(D-19), such taxpayer may elect to subtract
14 that part of a reimbursement received from the
15 insurance company equal to the amount of the expense or
16 loss (including expenses incurred by the insurance
17 company) that would have been taken into account as a
18 deduction for federal income tax purposes if the
19 expense or loss had been uninsured. If a taxpayer makes
20 the election provided for by this subparagraph (GG),
21 the insurer to which the premiums were paid must add
22 back to income the amount subtracted by the taxpayer
23 pursuant to this subparagraph (GG). This subparagraph
24 (GG) is exempt from the provisions of Section 250; and

25 -

26 (HH) An amount equal to all the ordinary and

1 necessary expenses paid or incurred during the taxable
2 year in carrying on the business of a cannabis
3 establishment as defined in Section 10 of the Cannabis
4 Regulation and Taxation Act if the cannabis
5 establishment is in compliance with that Act,
6 including:

7 (1) a reasonable allowance for salaries or
8 other compensation for personal services actually
9 rendered;

10 (2) traveling expenses, including amounts
11 expended for meals and lodging other than amounts
12 which are lavish or extravagant under the
13 circumstances, while away from home in the pursuit
14 of the business of the cannabis establishment; and

15 (3) rentals or other payments required to be
16 made as a condition to the continued use or
17 possession, for purposes of the business of a
18 cannabis establishment, of property to which the
19 taxpayer has not taken or is not taking title or in
20 which he or she has no equity.

21 (b) Corporations.

22 (1) In general. In the case of a corporation, base
23 income means an amount equal to the taxpayer's taxable
24 income for the taxable year as modified by paragraph (2).

25 (2) Modifications. The taxable income referred to in

1 paragraph (1) shall be modified by adding thereto the sum
2 of the following amounts:

3 (A) An amount equal to all amounts paid or accrued
4 to the taxpayer as interest and all distributions
5 received from regulated investment companies during
6 the taxable year to the extent excluded from gross
7 income in the computation of taxable income;

8 (B) An amount equal to the amount of tax imposed by
9 this Act to the extent deducted from gross income in
10 the computation of taxable income for the taxable year;

11 (C) In the case of a regulated investment company,
12 an amount equal to the excess of (i) the net long-term
13 capital gain for the taxable year, over (ii) the amount
14 of the capital gain dividends designated as such in
15 accordance with Section 852(b)(3)(C) of the Internal
16 Revenue Code and any amount designated under Section
17 852(b)(3)(D) of the Internal Revenue Code,
18 attributable to the taxable year (this amendatory Act
19 of 1995 (Public Act 89-89) is declarative of existing
20 law and is not a new enactment);

21 (D) The amount of any net operating loss deduction
22 taken in arriving at taxable income, other than a net
23 operating loss carried forward from a taxable year
24 ending prior to December 31, 1986;

25 (E) For taxable years in which a net operating loss
26 carryback or carryforward from a taxable year ending

1 prior to December 31, 1986 is an element of taxable
2 income under paragraph (1) of subsection (e) or
3 subparagraph (E) of paragraph (2) of subsection (e),
4 the amount by which addition modifications other than
5 those provided by this subparagraph (E) exceeded
6 subtraction modifications in such earlier taxable
7 year, with the following limitations applied in the
8 order that they are listed:

9 (i) the addition modification relating to the
10 net operating loss carried back or forward to the
11 taxable year from any taxable year ending prior to
12 December 31, 1986 shall be reduced by the amount of
13 addition modification under this subparagraph (E)
14 which related to that net operating loss and which
15 was taken into account in calculating the base
16 income of an earlier taxable year, and

17 (ii) the addition modification relating to the
18 net operating loss carried back or forward to the
19 taxable year from any taxable year ending prior to
20 December 31, 1986 shall not exceed the amount of
21 such carryback or carryforward;

22 For taxable years in which there is a net operating
23 loss carryback or carryforward from more than one other
24 taxable year ending prior to December 31, 1986, the
25 addition modification provided in this subparagraph
26 (E) shall be the sum of the amounts computed

1 independently under the preceding provisions of this
2 subparagraph (E) for each such taxable year;

3 (E-5) For taxable years ending after December 31,
4 1997, an amount equal to any eligible remediation costs
5 that the corporation deducted in computing adjusted
6 gross income and for which the corporation claims a
7 credit under subsection (l) of Section 201;

8 (E-10) For taxable years 2001 and thereafter, an
9 amount equal to the bonus depreciation deduction taken
10 on the taxpayer's federal income tax return for the
11 taxable year under subsection (k) of Section 168 of the
12 Internal Revenue Code;

13 (E-11) If the taxpayer sells, transfers, abandons,
14 or otherwise disposes of property for which the
15 taxpayer was required in any taxable year to make an
16 addition modification under subparagraph (E-10), then
17 an amount equal to the aggregate amount of the
18 deductions taken in all taxable years under
19 subparagraph (T) with respect to that property.

20 If the taxpayer continues to own property through
21 the last day of the last tax year for which the
22 taxpayer may claim a depreciation deduction for
23 federal income tax purposes and for which the taxpayer
24 was allowed in any taxable year to make a subtraction
25 modification under subparagraph (T), then an amount
26 equal to that subtraction modification.

1 The taxpayer is required to make the addition
2 modification under this subparagraph only once with
3 respect to any one piece of property;

4 (E-12) An amount equal to the amount otherwise
5 allowed as a deduction in computing base income for
6 interest paid, accrued, or incurred, directly or
7 indirectly, (i) for taxable years ending on or after
8 December 31, 2004, to a foreign person who would be a
9 member of the same unitary business group but for the
10 fact the foreign person's business activity outside
11 the United States is 80% or more of the foreign
12 person's total business activity and (ii) for taxable
13 years ending on or after December 31, 2008, to a person
14 who would be a member of the same unitary business
15 group but for the fact that the person is prohibited
16 under Section 1501(a)(27) from being included in the
17 unitary business group because he or she is ordinarily
18 required to apportion business income under different
19 subsections of Section 304. The addition modification
20 required by this subparagraph shall be reduced to the
21 extent that dividends were included in base income of
22 the unitary group for the same taxable year and
23 received by the taxpayer or by a member of the
24 taxpayer's unitary business group (including amounts
25 included in gross income pursuant to Sections 951
26 through 964 of the Internal Revenue Code and amounts

1 included in gross income under Section 78 of the
2 Internal Revenue Code) with respect to the stock of the
3 same person to whom the interest was paid, accrued, or
4 incurred.

5 This paragraph shall not apply to the following:

6 (i) an item of interest paid, accrued, or
7 incurred, directly or indirectly, to a person who
8 is subject in a foreign country or state, other
9 than a state which requires mandatory unitary
10 reporting, to a tax on or measured by net income
11 with respect to such interest; or

12 (ii) an item of interest paid, accrued, or
13 incurred, directly or indirectly, to a person if
14 the taxpayer can establish, based on a
15 preponderance of the evidence, both of the
16 following:

17 (a) the person, during the same taxable
18 year, paid, accrued, or incurred, the interest
19 to a person that is not a related member, and

20 (b) the transaction giving rise to the
21 interest expense between the taxpayer and the
22 person did not have as a principal purpose the
23 avoidance of Illinois income tax, and is paid
24 pursuant to a contract or agreement that
25 reflects an arm's-length interest rate and
26 terms; or

1 (iii) the taxpayer can establish, based on
2 clear and convincing evidence, that the interest
3 paid, accrued, or incurred relates to a contract or
4 agreement entered into at arm's-length rates and
5 terms and the principal purpose for the payment is
6 not federal or Illinois tax avoidance; or

7 (iv) an item of interest paid, accrued, or
8 incurred, directly or indirectly, to a person if
9 the taxpayer establishes by clear and convincing
10 evidence that the adjustments are unreasonable; or
11 if the taxpayer and the Director agree in writing
12 to the application or use of an alternative method
13 of apportionment under Section 304(f).

14 Nothing in this subsection shall preclude the
15 Director from making any other adjustment
16 otherwise allowed under Section 404 of this Act for
17 any tax year beginning after the effective date of
18 this amendment provided such adjustment is made
19 pursuant to regulation adopted by the Department
20 and such regulations provide methods and standards
21 by which the Department will utilize its authority
22 under Section 404 of this Act;

23 (E-13) An amount equal to the amount of intangible
24 expenses and costs otherwise allowed as a deduction in
25 computing base income, and that were paid, accrued, or
26 incurred, directly or indirectly, (i) for taxable

1 years ending on or after December 31, 2004, to a
2 foreign person who would be a member of the same
3 unitary business group but for the fact that the
4 foreign person's business activity outside the United
5 States is 80% or more of that person's total business
6 activity and (ii) for taxable years ending on or after
7 December 31, 2008, to a person who would be a member of
8 the same unitary business group but for the fact that
9 the person is prohibited under Section 1501(a)(27)
10 from being included in the unitary business group
11 because he or she is ordinarily required to apportion
12 business income under different subsections of Section
13 304. The addition modification required by this
14 subparagraph shall be reduced to the extent that
15 dividends were included in base income of the unitary
16 group for the same taxable year and received by the
17 taxpayer or by a member of the taxpayer's unitary
18 business group (including amounts included in gross
19 income pursuant to Sections 951 through 964 of the
20 Internal Revenue Code and amounts included in gross
21 income under Section 78 of the Internal Revenue Code)
22 with respect to the stock of the same person to whom
23 the intangible expenses and costs were directly or
24 indirectly paid, incurred, or accrued. The preceding
25 sentence shall not apply to the extent that the same
26 dividends caused a reduction to the addition

1 modification required under Section 203(b)(2)(E-12) of
2 this Act. As used in this subparagraph, the term
3 "intangible expenses and costs" includes (1) expenses,
4 losses, and costs for, or related to, the direct or
5 indirect acquisition, use, maintenance or management,
6 ownership, sale, exchange, or any other disposition of
7 intangible property; (2) losses incurred, directly or
8 indirectly, from factoring transactions or discounting
9 transactions; (3) royalty, patent, technical, and
10 copyright fees; (4) licensing fees; and (5) other
11 similar expenses and costs. For purposes of this
12 subparagraph, "intangible property" includes patents,
13 patent applications, trade names, trademarks, service
14 marks, copyrights, mask works, trade secrets, and
15 similar types of intangible assets.

16 This paragraph shall not apply to the following:

17 (i) any item of intangible expenses or costs
18 paid, accrued, or incurred, directly or
19 indirectly, from a transaction with a person who is
20 subject in a foreign country or state, other than a
21 state which requires mandatory unitary reporting,
22 to a tax on or measured by net income with respect
23 to such item; or

24 (ii) any item of intangible expense or cost
25 paid, accrued, or incurred, directly or
26 indirectly, if the taxpayer can establish, based

1 on a preponderance of the evidence, both of the
2 following:

3 (a) the person during the same taxable
4 year paid, accrued, or incurred, the
5 intangible expense or cost to a person that is
6 not a related member, and

7 (b) the transaction giving rise to the
8 intangible expense or cost between the
9 taxpayer and the person did not have as a
10 principal purpose the avoidance of Illinois
11 income tax, and is paid pursuant to a contract
12 or agreement that reflects arm's-length terms;
13 or

14 (iii) any item of intangible expense or cost
15 paid, accrued, or incurred, directly or
16 indirectly, from a transaction with a person if the
17 taxpayer establishes by clear and convincing
18 evidence, that the adjustments are unreasonable;
19 or if the taxpayer and the Director agree in
20 writing to the application or use of an alternative
21 method of apportionment under Section 304(f);

22 Nothing in this subsection shall preclude the
23 Director from making any other adjustment
24 otherwise allowed under Section 404 of this Act for
25 any tax year beginning after the effective date of
26 this amendment provided such adjustment is made

1 pursuant to regulation adopted by the Department
2 and such regulations provide methods and standards
3 by which the Department will utilize its authority
4 under Section 404 of this Act;

5 (E-14) For taxable years ending on or after
6 December 31, 2008, an amount equal to the amount of
7 insurance premium expenses and costs otherwise allowed
8 as a deduction in computing base income, and that were
9 paid, accrued, or incurred, directly or indirectly, to
10 a person who would be a member of the same unitary
11 business group but for the fact that the person is
12 prohibited under Section 1501(a)(27) from being
13 included in the unitary business group because he or
14 she is ordinarily required to apportion business
15 income under different subsections of Section 304. The
16 addition modification required by this subparagraph
17 shall be reduced to the extent that dividends were
18 included in base income of the unitary group for the
19 same taxable year and received by the taxpayer or by a
20 member of the taxpayer's unitary business group
21 (including amounts included in gross income under
22 Sections 951 through 964 of the Internal Revenue Code
23 and amounts included in gross income under Section 78
24 of the Internal Revenue Code) with respect to the stock
25 of the same person to whom the premiums and costs were
26 directly or indirectly paid, incurred, or accrued. The

1 preceding sentence does not apply to the extent that
2 the same dividends caused a reduction to the addition
3 modification required under Section 203(b) (2) (E-12) or
4 Section 203(b) (2) (E-13) of this Act;

5 (E-15) For taxable years beginning after December
6 31, 2008, any deduction for dividends paid by a captive
7 real estate investment trust that is allowed to a real
8 estate investment trust under Section 857(b) (2) (B) of
9 the Internal Revenue Code for dividends paid;

10 (E-16) An amount equal to the credit allowable to
11 the taxpayer under Section 218(a) of this Act,
12 determined without regard to Section 218(c) of this
13 Act;

14 and by deducting from the total so obtained the sum of the
15 following amounts:

16 (F) An amount equal to the amount of any tax
17 imposed by this Act which was refunded to the taxpayer
18 and included in such total for the taxable year;

19 (G) An amount equal to any amount included in such
20 total under Section 78 of the Internal Revenue Code;

21 (H) In the case of a regulated investment company,
22 an amount equal to the amount of exempt interest
23 dividends as defined in subsection (b) (5) of Section
24 852 of the Internal Revenue Code, paid to shareholders
25 for the taxable year;

26 (I) With the exception of any amounts subtracted

1 under subparagraph (J), an amount equal to the sum of
2 all amounts disallowed as deductions by (i) Sections
3 171(a) (2), and 265(a)(2) and amounts disallowed as
4 interest expense by Section 291(a)(3) of the Internal
5 Revenue Code, and all amounts of expenses allocable to
6 interest and disallowed as deductions by Section
7 265(a)(1) of the Internal Revenue Code; and (ii) for
8 taxable years ending on or after August 13, 1999,
9 Sections 171(a)(2), 265, 280C, 291(a)(3), and
10 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
11 for tax years ending on or after December 31, 2011,
12 amounts disallowed as deductions by Section 45G(e)(3)
13 of the Internal Revenue Code and, for taxable years
14 ending on or after December 31, 2008, any amount
15 included in gross income under Section 87 of the
16 Internal Revenue Code and the policyholders' share of
17 tax-exempt interest of a life insurance company under
18 Section 807(a)(2)(B) of the Internal Revenue Code (in
19 the case of a life insurance company with gross income
20 from a decrease in reserves for the tax year) or
21 Section 807(b)(1)(B) of the Internal Revenue Code (in
22 the case of a life insurance company allowed a
23 deduction for an increase in reserves for the tax
24 year); the provisions of this subparagraph are exempt
25 from the provisions of Section 250;

26 (J) An amount equal to all amounts included in such

1 total which are exempt from taxation by this State
2 either by reason of its statutes or Constitution or by
3 reason of the Constitution, treaties or statutes of the
4 United States; provided that, in the case of any
5 statute of this State that exempts income derived from
6 bonds or other obligations from the tax imposed under
7 this Act, the amount exempted shall be the interest net
8 of bond premium amortization;

9 (K) An amount equal to those dividends included in
10 such total which were paid by a corporation which
11 conducts business operations in a River Edge
12 Redevelopment Zone or zones created under the River
13 Edge Redevelopment Zone Act and conducts substantially
14 all of its operations in a River Edge Redevelopment
15 Zone or zones. This subparagraph (K) is exempt from the
16 provisions of Section 250;

17 (L) An amount equal to those dividends included in
18 such total that were paid by a corporation that
19 conducts business operations in a federally designated
20 Foreign Trade Zone or Sub-Zone and that is designated a
21 High Impact Business located in Illinois; provided
22 that dividends eligible for the deduction provided in
23 subparagraph (K) of paragraph 2 of this subsection
24 shall not be eligible for the deduction provided under
25 this subparagraph (L);

26 (M) For any taxpayer that is a financial

1 organization within the meaning of Section 304(c) of
2 this Act, an amount included in such total as interest
3 income from a loan or loans made by such taxpayer to a
4 borrower, to the extent that such a loan is secured by
5 property which is eligible for the River Edge
6 Redevelopment Zone Investment Credit. To determine the
7 portion of a loan or loans that is secured by property
8 eligible for a Section 201(f) investment credit to the
9 borrower, the entire principal amount of the loan or
10 loans between the taxpayer and the borrower should be
11 divided into the basis of the Section 201(f) investment
12 credit property which secures the loan or loans, using
13 for this purpose the original basis of such property on
14 the date that it was placed in service in the River
15 Edge Redevelopment Zone. The subtraction modification
16 available to taxpayer in any year under this subsection
17 shall be that portion of the total interest paid by the
18 borrower with respect to such loan attributable to the
19 eligible property as calculated under the previous
20 sentence. This subparagraph (M) is exempt from the
21 provisions of Section 250;

22 (M-1) For any taxpayer that is a financial
23 organization within the meaning of Section 304(c) of
24 this Act, an amount included in such total as interest
25 income from a loan or loans made by such taxpayer to a
26 borrower, to the extent that such a loan is secured by

1 property which is eligible for the High Impact Business
2 Investment Credit. To determine the portion of a loan
3 or loans that is secured by property eligible for a
4 Section 201(h) investment credit to the borrower, the
5 entire principal amount of the loan or loans between
6 the taxpayer and the borrower should be divided into
7 the basis of the Section 201(h) investment credit
8 property which secures the loan or loans, using for
9 this purpose the original basis of such property on the
10 date that it was placed in service in a federally
11 designated Foreign Trade Zone or Sub-Zone located in
12 Illinois. No taxpayer that is eligible for the
13 deduction provided in subparagraph (M) of paragraph
14 (2) of this subsection shall be eligible for the
15 deduction provided under this subparagraph (M-1). The
16 subtraction modification available to taxpayers in any
17 year under this subsection shall be that portion of the
18 total interest paid by the borrower with respect to
19 such loan attributable to the eligible property as
20 calculated under the previous sentence;

21 (N) Two times any contribution made during the
22 taxable year to a designated zone organization to the
23 extent that the contribution (i) qualifies as a
24 charitable contribution under subsection (c) of
25 Section 170 of the Internal Revenue Code and (ii) must,
26 by its terms, be used for a project approved by the

1 Department of Commerce and Economic Opportunity under
2 Section 11 of the Illinois Enterprise Zone Act or under
3 Section 10-10 of the River Edge Redevelopment Zone Act.
4 This subparagraph (N) is exempt from the provisions of
5 Section 250;

6 (O) An amount equal to: (i) 85% for taxable years
7 ending on or before December 31, 1992, or, a percentage
8 equal to the percentage allowable under Section
9 243(a)(1) of the Internal Revenue Code of 1986 for
10 taxable years ending after December 31, 1992, of the
11 amount by which dividends included in taxable income
12 and received from a corporation that is not created or
13 organized under the laws of the United States or any
14 state or political subdivision thereof, including, for
15 taxable years ending on or after December 31, 1988,
16 dividends received or deemed received or paid or deemed
17 paid under Sections 951 through 965 of the Internal
18 Revenue Code, exceed the amount of the modification
19 provided under subparagraph (G) of paragraph (2) of
20 this subsection (b) which is related to such dividends,
21 and including, for taxable years ending on or after
22 December 31, 2008, dividends received from a captive
23 real estate investment trust; plus (ii) 100% of the
24 amount by which dividends, included in taxable income
25 and received, including, for taxable years ending on or
26 after December 31, 1988, dividends received or deemed

1 received or paid or deemed paid under Sections 951
2 through 964 of the Internal Revenue Code and including,
3 for taxable years ending on or after December 31, 2008,
4 dividends received from a captive real estate
5 investment trust, from any such corporation specified
6 in clause (i) that would but for the provisions of
7 Section 1504 (b) (3) of the Internal Revenue Code be
8 treated as a member of the affiliated group which
9 includes the dividend recipient, exceed the amount of
10 the modification provided under subparagraph (G) of
11 paragraph (2) of this subsection (b) which is related
12 to such dividends. This subparagraph (O) is exempt from
13 the provisions of Section 250 of this Act;

14 (P) An amount equal to any contribution made to a
15 job training project established pursuant to the Tax
16 Increment Allocation Redevelopment Act;

17 (Q) An amount equal to the amount of the deduction
18 used to compute the federal income tax credit for
19 restoration of substantial amounts held under claim of
20 right for the taxable year pursuant to Section 1341 of
21 the Internal Revenue Code;

22 (R) On and after July 20, 1999, in the case of an
23 attorney-in-fact with respect to whom an interinsurer
24 or a reciprocal insurer has made the election under
25 Section 835 of the Internal Revenue Code, 26 U.S.C.
26 835, an amount equal to the excess, if any, of the

1 amounts paid or incurred by that interinsurer or
2 reciprocal insurer in the taxable year to the
3 attorney-in-fact over the deduction allowed to that
4 interinsurer or reciprocal insurer with respect to the
5 attorney-in-fact under Section 835(b) of the Internal
6 Revenue Code for the taxable year; the provisions of
7 this subparagraph are exempt from the provisions of
8 Section 250;

9 (S) For taxable years ending on or after December
10 31, 1997, in the case of a Subchapter S corporation, an
11 amount equal to all amounts of income allocable to a
12 shareholder subject to the Personal Property Tax
13 Replacement Income Tax imposed by subsections (c) and
14 (d) of Section 201 of this Act, including amounts
15 allocable to organizations exempt from federal income
16 tax by reason of Section 501(a) of the Internal Revenue
17 Code. This subparagraph (S) is exempt from the
18 provisions of Section 250;

19 (T) For taxable years 2001 and thereafter, for the
20 taxable year in which the bonus depreciation deduction
21 is taken on the taxpayer's federal income tax return
22 under subsection (k) of Section 168 of the Internal
23 Revenue Code and for each applicable taxable year
24 thereafter, an amount equal to "x", where:

25 (1) "y" equals the amount of the depreciation
26 deduction taken for the taxable year on the

1 taxpayer's federal income tax return on property
2 for which the bonus depreciation deduction was
3 taken in any year under subsection (k) of Section
4 168 of the Internal Revenue Code, but not including
5 the bonus depreciation deduction;

6 (2) for taxable years ending on or before
7 December 31, 2005, "x" equals "y" multiplied by 30
8 and then divided by 70 (or "y" multiplied by
9 0.429); and

10 (3) for taxable years ending after December
11 31, 2005:

12 (i) for property on which a bonus
13 depreciation deduction of 30% of the adjusted
14 basis was taken, "x" equals "y" multiplied by
15 30 and then divided by 70 (or "y" multiplied by
16 0.429); and

17 (ii) for property on which a bonus
18 depreciation deduction of 50% of the adjusted
19 basis was taken, "x" equals "y" multiplied by
20 1.0.

21 The aggregate amount deducted under this
22 subparagraph in all taxable years for any one piece of
23 property may not exceed the amount of the bonus
24 depreciation deduction taken on that property on the
25 taxpayer's federal income tax return under subsection
26 (k) of Section 168 of the Internal Revenue Code. This

1 subparagraph (T) is exempt from the provisions of
2 Section 250;

3 (U) If the taxpayer sells, transfers, abandons, or
4 otherwise disposes of property for which the taxpayer
5 was required in any taxable year to make an addition
6 modification under subparagraph (E-10), then an amount
7 equal to that addition modification.

8 If the taxpayer continues to own property through
9 the last day of the last tax year for which the
10 taxpayer may claim a depreciation deduction for
11 federal income tax purposes and for which the taxpayer
12 was required in any taxable year to make an addition
13 modification under subparagraph (E-10), then an amount
14 equal to that addition modification.

15 The taxpayer is allowed to take the deduction under
16 this subparagraph only once with respect to any one
17 piece of property.

18 This subparagraph (U) is exempt from the
19 provisions of Section 250;

20 (V) The amount of: (i) any interest income (net of
21 the deductions allocable thereto) taken into account
22 for the taxable year with respect to a transaction with
23 a taxpayer that is required to make an addition
24 modification with respect to such transaction under
25 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
26 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed

1 the amount of such addition modification, (ii) any
2 income from intangible property (net of the deductions
3 allocable thereto) taken into account for the taxable
4 year with respect to a transaction with a taxpayer that
5 is required to make an addition modification with
6 respect to such transaction under Section
7 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
8 203(d)(2)(D-8), but not to exceed the amount of such
9 addition modification, and (iii) any insurance premium
10 income (net of deductions allocable thereto) taken
11 into account for the taxable year with respect to a
12 transaction with a taxpayer that is required to make an
13 addition modification with respect to such transaction
14 under Section 203(a)(2)(D-19), Section
15 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
16 203(d)(2)(D-9), but not to exceed the amount of that
17 addition modification. This subparagraph (V) is exempt
18 from the provisions of Section 250;

19 (W) An amount equal to the interest income taken
20 into account for the taxable year (net of the
21 deductions allocable thereto) with respect to
22 transactions with (i) a foreign person who would be a
23 member of the taxpayer's unitary business group but for
24 the fact that the foreign person's business activity
25 outside the United States is 80% or more of that
26 person's total business activity and (ii) for taxable

1 years ending on or after December 31, 2008, to a person
2 who would be a member of the same unitary business
3 group but for the fact that the person is prohibited
4 under Section 1501(a)(27) from being included in the
5 unitary business group because he or she is ordinarily
6 required to apportion business income under different
7 subsections of Section 304, but not to exceed the
8 addition modification required to be made for the same
9 taxable year under Section 203(b)(2)(E-12) for
10 interest paid, accrued, or incurred, directly or
11 indirectly, to the same person. This subparagraph (W)
12 is exempt from the provisions of Section 250;

13 (X) An amount equal to the income from intangible
14 property taken into account for the taxable year (net
15 of the deductions allocable thereto) with respect to
16 transactions with (i) a foreign person who would be a
17 member of the taxpayer's unitary business group but for
18 the fact that the foreign person's business activity
19 outside the United States is 80% or more of that
20 person's total business activity and (ii) for taxable
21 years ending on or after December 31, 2008, to a person
22 who would be a member of the same unitary business
23 group but for the fact that the person is prohibited
24 under Section 1501(a)(27) from being included in the
25 unitary business group because he or she is ordinarily
26 required to apportion business income under different

1 subsections of Section 304, but not to exceed the
2 addition modification required to be made for the same
3 taxable year under Section 203(b)(2)(E-13) for
4 intangible expenses and costs paid, accrued, or
5 incurred, directly or indirectly, to the same foreign
6 person. This subparagraph (X) is exempt from the
7 provisions of Section 250;

8 (Y) For taxable years ending on or after December
9 31, 2011, in the case of a taxpayer who was required to
10 add back any insurance premiums under Section
11 203(b)(2)(E-14), such taxpayer may elect to subtract
12 that part of a reimbursement received from the
13 insurance company equal to the amount of the expense or
14 loss (including expenses incurred by the insurance
15 company) that would have been taken into account as a
16 deduction for federal income tax purposes if the
17 expense or loss had been uninsured. If a taxpayer makes
18 the election provided for by this subparagraph (Y), the
19 insurer to which the premiums were paid must add back
20 to income the amount subtracted by the taxpayer
21 pursuant to this subparagraph (Y). This subparagraph
22 (Y) is exempt from the provisions of Section 250; ~~and~~

23 (Z) The difference between the nondeductible
24 controlled foreign corporation dividends under Section
25 965(e)(3) of the Internal Revenue Code over the taxable
26 income of the taxpayer, computed without regard to

1 Section 965(e) (2) (A) of the Internal Revenue Code, and
2 without regard to any net operating loss deduction.
3 This subparagraph (Z) is exempt from the provisions of
4 Section 250; and -

5 (AA) An amount equal to all the ordinary and
6 necessary expenses paid or incurred during the taxable
7 year in carrying on the business of a cannabis
8 establishment as defined in Section 10 of the Cannabis
9 Regulation and Taxation Act if the cannabis
10 establishment is in compliance with that Act,
11 including:

12 (1) a reasonable allowance for salaries or
13 other compensation for personal services actually
14 rendered;

15 (2) traveling expenses, including amounts
16 expended for meals and lodging other than amounts
17 which are lavish or extravagant under the
18 circumstances, while away from home in the pursuit
19 of the business of the cannabis establishment; and

20 (3) rentals or other payments required to be
21 made as a condition to the continued use or
22 possession, for purposes of the business of a
23 cannabis establishment, of property to which the
24 taxpayer has not taken or is not taking title or in
25 which he has no equity.

26 (3) Special rule. For purposes of paragraph (2) (A),

1 "gross income" in the case of a life insurance company, for
2 tax years ending on and after December 31, 1994, and prior
3 to December 31, 2011, shall mean the gross investment
4 income for the taxable year and, for tax years ending on or
5 after December 31, 2011, shall mean all amounts included in
6 life insurance gross income under Section 803(a)(3) of the
7 Internal Revenue Code.

8 (c) Trusts and estates.

9 (1) In general. In the case of a trust or estate, base
10 income means an amount equal to the taxpayer's taxable
11 income for the taxable year as modified by paragraph (2).

12 (2) Modifications. Subject to the provisions of
13 paragraph (3), the taxable income referred to in paragraph
14 (1) shall be modified by adding thereto the sum of the
15 following amounts:

16 (A) An amount equal to all amounts paid or accrued
17 to the taxpayer as interest or dividends during the
18 taxable year to the extent excluded from gross income
19 in the computation of taxable income;

20 (B) In the case of (i) an estate, \$600; (ii) a
21 trust which, under its governing instrument, is
22 required to distribute all of its income currently,
23 \$300; and (iii) any other trust, \$100, but in each such
24 case, only to the extent such amount was deducted in
25 the computation of taxable income;

1 (C) An amount equal to the amount of tax imposed by
2 this Act to the extent deducted from gross income in
3 the computation of taxable income for the taxable year;

4 (D) The amount of any net operating loss deduction
5 taken in arriving at taxable income, other than a net
6 operating loss carried forward from a taxable year
7 ending prior to December 31, 1986;

8 (E) For taxable years in which a net operating loss
9 carryback or carryforward from a taxable year ending
10 prior to December 31, 1986 is an element of taxable
11 income under paragraph (1) of subsection (e) or
12 subparagraph (E) of paragraph (2) of subsection (e),
13 the amount by which addition modifications other than
14 those provided by this subparagraph (E) exceeded
15 subtraction modifications in such taxable year, with
16 the following limitations applied in the order that
17 they are listed:

18 (i) the addition modification relating to the
19 net operating loss carried back or forward to the
20 taxable year from any taxable year ending prior to
21 December 31, 1986 shall be reduced by the amount of
22 addition modification under this subparagraph (E)
23 which related to that net operating loss and which
24 was taken into account in calculating the base
25 income of an earlier taxable year, and

26 (ii) the addition modification relating to the

1 net operating loss carried back or forward to the
2 taxable year from any taxable year ending prior to
3 December 31, 1986 shall not exceed the amount of
4 such carryback or carryforward;

5 For taxable years in which there is a net operating
6 loss carryback or carryforward from more than one other
7 taxable year ending prior to December 31, 1986, the
8 addition modification provided in this subparagraph
9 (E) shall be the sum of the amounts computed
10 independently under the preceding provisions of this
11 subparagraph (E) for each such taxable year;

12 (F) For taxable years ending on or after January 1,
13 1989, an amount equal to the tax deducted pursuant to
14 Section 164 of the Internal Revenue Code if the trust
15 or estate is claiming the same tax for purposes of the
16 Illinois foreign tax credit under Section 601 of this
17 Act;

18 (G) An amount equal to the amount of the capital
19 gain deduction allowable under the Internal Revenue
20 Code, to the extent deducted from gross income in the
21 computation of taxable income;

22 (G-5) For taxable years ending after December 31,
23 1997, an amount equal to any eligible remediation costs
24 that the trust or estate deducted in computing adjusted
25 gross income and for which the trust or estate claims a
26 credit under subsection (1) of Section 201;

1 (G-10) For taxable years 2001 and thereafter, an
2 amount equal to the bonus depreciation deduction taken
3 on the taxpayer's federal income tax return for the
4 taxable year under subsection (k) of Section 168 of the
5 Internal Revenue Code; and

6 (G-11) If the taxpayer sells, transfers, abandons,
7 or otherwise disposes of property for which the
8 taxpayer was required in any taxable year to make an
9 addition modification under subparagraph (G-10), then
10 an amount equal to the aggregate amount of the
11 deductions taken in all taxable years under
12 subparagraph (R) with respect to that property.

13 If the taxpayer continues to own property through
14 the last day of the last tax year for which the
15 taxpayer may claim a depreciation deduction for
16 federal income tax purposes and for which the taxpayer
17 was allowed in any taxable year to make a subtraction
18 modification under subparagraph (R), then an amount
19 equal to that subtraction modification.

20 The taxpayer is required to make the addition
21 modification under this subparagraph only once with
22 respect to any one piece of property;

23 (G-12) An amount equal to the amount otherwise
24 allowed as a deduction in computing base income for
25 interest paid, accrued, or incurred, directly or
26 indirectly, (i) for taxable years ending on or after

1 December 31, 2004, to a foreign person who would be a
2 member of the same unitary business group but for the
3 fact that the foreign person's business activity
4 outside the United States is 80% or more of the foreign
5 person's total business activity and (ii) for taxable
6 years ending on or after December 31, 2008, to a person
7 who would be a member of the same unitary business
8 group but for the fact that the person is prohibited
9 under Section 1501(a)(27) from being included in the
10 unitary business group because he or she is ordinarily
11 required to apportion business income under different
12 subsections of Section 304. The addition modification
13 required by this subparagraph shall be reduced to the
14 extent that dividends were included in base income of
15 the unitary group for the same taxable year and
16 received by the taxpayer or by a member of the
17 taxpayer's unitary business group (including amounts
18 included in gross income pursuant to Sections 951
19 through 964 of the Internal Revenue Code and amounts
20 included in gross income under Section 78 of the
21 Internal Revenue Code) with respect to the stock of the
22 same person to whom the interest was paid, accrued, or
23 incurred.

24 This paragraph shall not apply to the following:

25 (i) an item of interest paid, accrued, or
26 incurred, directly or indirectly, to a person who

1 is subject in a foreign country or state, other
2 than a state which requires mandatory unitary
3 reporting, to a tax on or measured by net income
4 with respect to such interest; or

5 (ii) an item of interest paid, accrued, or
6 incurred, directly or indirectly, to a person if
7 the taxpayer can establish, based on a
8 preponderance of the evidence, both of the
9 following:

10 (a) the person, during the same taxable
11 year, paid, accrued, or incurred, the interest
12 to a person that is not a related member, and

13 (b) the transaction giving rise to the
14 interest expense between the taxpayer and the
15 person did not have as a principal purpose the
16 avoidance of Illinois income tax, and is paid
17 pursuant to a contract or agreement that
18 reflects an arm's-length interest rate and
19 terms; or

20 (iii) the taxpayer can establish, based on
21 clear and convincing evidence, that the interest
22 paid, accrued, or incurred relates to a contract or
23 agreement entered into at arm's-length rates and
24 terms and the principal purpose for the payment is
25 not federal or Illinois tax avoidance; or

26 (iv) an item of interest paid, accrued, or

1 incurred, directly or indirectly, to a person if
2 the taxpayer establishes by clear and convincing
3 evidence that the adjustments are unreasonable; or
4 if the taxpayer and the Director agree in writing
5 to the application or use of an alternative method
6 of apportionment under Section 304(f).

7 Nothing in this subsection shall preclude the
8 Director from making any other adjustment
9 otherwise allowed under Section 404 of this Act for
10 any tax year beginning after the effective date of
11 this amendment provided such adjustment is made
12 pursuant to regulation adopted by the Department
13 and such regulations provide methods and standards
14 by which the Department will utilize its authority
15 under Section 404 of this Act;

16 (G-13) An amount equal to the amount of intangible
17 expenses and costs otherwise allowed as a deduction in
18 computing base income, and that were paid, accrued, or
19 incurred, directly or indirectly, (i) for taxable
20 years ending on or after December 31, 2004, to a
21 foreign person who would be a member of the same
22 unitary business group but for the fact that the
23 foreign person's business activity outside the United
24 States is 80% or more of that person's total business
25 activity and (ii) for taxable years ending on or after
26 December 31, 2008, to a person who would be a member of

1 the same unitary business group but for the fact that
2 the person is prohibited under Section 1501(a)(27)
3 from being included in the unitary business group
4 because he or she is ordinarily required to apportion
5 business income under different subsections of Section
6 304. The addition modification required by this
7 subparagraph shall be reduced to the extent that
8 dividends were included in base income of the unitary
9 group for the same taxable year and received by the
10 taxpayer or by a member of the taxpayer's unitary
11 business group (including amounts included in gross
12 income pursuant to Sections 951 through 964 of the
13 Internal Revenue Code and amounts included in gross
14 income under Section 78 of the Internal Revenue Code)
15 with respect to the stock of the same person to whom
16 the intangible expenses and costs were directly or
17 indirectly paid, incurred, or accrued. The preceding
18 sentence shall not apply to the extent that the same
19 dividends caused a reduction to the addition
20 modification required under Section 203(c)(2)(G-12) of
21 this Act. As used in this subparagraph, the term
22 "intangible expenses and costs" includes: (1)
23 expenses, losses, and costs for or related to the
24 direct or indirect acquisition, use, maintenance or
25 management, ownership, sale, exchange, or any other
26 disposition of intangible property; (2) losses

1 incurred, directly or indirectly, from factoring
2 transactions or discounting transactions; (3) royalty,
3 patent, technical, and copyright fees; (4) licensing
4 fees; and (5) other similar expenses and costs. For
5 purposes of this subparagraph, "intangible property"
6 includes patents, patent applications, trade names,
7 trademarks, service marks, copyrights, mask works,
8 trade secrets, and similar types of intangible assets.

9 This paragraph shall not apply to the following:

10 (i) any item of intangible expenses or costs
11 paid, accrued, or incurred, directly or
12 indirectly, from a transaction with a person who is
13 subject in a foreign country or state, other than a
14 state which requires mandatory unitary reporting,
15 to a tax on or measured by net income with respect
16 to such item; or

17 (ii) any item of intangible expense or cost
18 paid, accrued, or incurred, directly or
19 indirectly, if the taxpayer can establish, based
20 on a preponderance of the evidence, both of the
21 following:

22 (a) the person during the same taxable
23 year paid, accrued, or incurred, the
24 intangible expense or cost to a person that is
25 not a related member, and

26 (b) the transaction giving rise to the

1 intangible expense or cost between the
2 taxpayer and the person did not have as a
3 principal purpose the avoidance of Illinois
4 income tax, and is paid pursuant to a contract
5 or agreement that reflects arm's-length terms;
6 or

7 (iii) any item of intangible expense or cost
8 paid, accrued, or incurred, directly or
9 indirectly, from a transaction with a person if the
10 taxpayer establishes by clear and convincing
11 evidence, that the adjustments are unreasonable;
12 or if the taxpayer and the Director agree in
13 writing to the application or use of an alternative
14 method of apportionment under Section 304(f);

15 Nothing in this subsection shall preclude the
16 Director from making any other adjustment
17 otherwise allowed under Section 404 of this Act for
18 any tax year beginning after the effective date of
19 this amendment provided such adjustment is made
20 pursuant to regulation adopted by the Department
21 and such regulations provide methods and standards
22 by which the Department will utilize its authority
23 under Section 404 of this Act;

24 (G-14) For taxable years ending on or after
25 December 31, 2008, an amount equal to the amount of
26 insurance premium expenses and costs otherwise allowed

1 as a deduction in computing base income, and that were
2 paid, accrued, or incurred, directly or indirectly, to
3 a person who would be a member of the same unitary
4 business group but for the fact that the person is
5 prohibited under Section 1501(a)(27) from being
6 included in the unitary business group because he or
7 she is ordinarily required to apportion business
8 income under different subsections of Section 304. The
9 addition modification required by this subparagraph
10 shall be reduced to the extent that dividends were
11 included in base income of the unitary group for the
12 same taxable year and received by the taxpayer or by a
13 member of the taxpayer's unitary business group
14 (including amounts included in gross income under
15 Sections 951 through 964 of the Internal Revenue Code
16 and amounts included in gross income under Section 78
17 of the Internal Revenue Code) with respect to the stock
18 of the same person to whom the premiums and costs were
19 directly or indirectly paid, incurred, or accrued. The
20 preceding sentence does not apply to the extent that
21 the same dividends caused a reduction to the addition
22 modification required under Section 203(c)(2)(G-12) or
23 Section 203(c)(2)(G-13) of this Act;

24 (G-15) An amount equal to the credit allowable to
25 the taxpayer under Section 218(a) of this Act,
26 determined without regard to Section 218(c) of this

1 Act;

2 and by deducting from the total so obtained the sum of the
3 following amounts:

4 (H) An amount equal to all amounts included in such
5 total pursuant to the provisions of Sections 402(a),
6 402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the
7 Internal Revenue Code or included in such total as
8 distributions under the provisions of any retirement
9 or disability plan for employees of any governmental
10 agency or unit, or retirement payments to retired
11 partners, which payments are excluded in computing net
12 earnings from self employment by Section 1402 of the
13 Internal Revenue Code and regulations adopted pursuant
14 thereto;

15 (I) The valuation limitation amount;

16 (J) An amount equal to the amount of any tax
17 imposed by this Act which was refunded to the taxpayer
18 and included in such total for the taxable year;

19 (K) An amount equal to all amounts included in
20 taxable income as modified by subparagraphs (A), (B),
21 (C), (D), (E), (F) and (G) which are exempt from
22 taxation by this State either by reason of its statutes
23 or Constitution or by reason of the Constitution,
24 treaties or statutes of the United States; provided
25 that, in the case of any statute of this State that
26 exempts income derived from bonds or other obligations

1 from the tax imposed under this Act, the amount
2 exempted shall be the interest net of bond premium
3 amortization;

4 (L) With the exception of any amounts subtracted
5 under subparagraph (K), an amount equal to the sum of
6 all amounts disallowed as deductions by (i) Sections
7 171(a) (2) and 265(a) (2) of the Internal Revenue Code,
8 and all amounts of expenses allocable to interest and
9 disallowed as deductions by Section 265(1) of the
10 Internal Revenue Code; and (ii) for taxable years
11 ending on or after August 13, 1999, Sections 171(a) (2),
12 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
13 Code, plus, (iii) for taxable years ending on or after
14 December 31, 2011, Section 45G(e) (3) of the Internal
15 Revenue Code and, for taxable years ending on or after
16 December 31, 2008, any amount included in gross income
17 under Section 87 of the Internal Revenue Code; the
18 provisions of this subparagraph are exempt from the
19 provisions of Section 250;

20 (M) An amount equal to those dividends included in
21 such total which were paid by a corporation which
22 conducts business operations in a River Edge
23 Redevelopment Zone or zones created under the River
24 Edge Redevelopment Zone Act and conducts substantially
25 all of its operations in a River Edge Redevelopment
26 Zone or zones. This subparagraph (M) is exempt from the

1 provisions of Section 250;

2 (N) An amount equal to any contribution made to a
3 job training project established pursuant to the Tax
4 Increment Allocation Redevelopment Act;

5 (O) An amount equal to those dividends included in
6 such total that were paid by a corporation that
7 conducts business operations in a federally designated
8 Foreign Trade Zone or Sub-Zone and that is designated a
9 High Impact Business located in Illinois; provided
10 that dividends eligible for the deduction provided in
11 subparagraph (M) of paragraph (2) of this subsection
12 shall not be eligible for the deduction provided under
13 this subparagraph (O);

14 (P) An amount equal to the amount of the deduction
15 used to compute the federal income tax credit for
16 restoration of substantial amounts held under claim of
17 right for the taxable year pursuant to Section 1341 of
18 the Internal Revenue Code;

19 (Q) For taxable year 1999 and thereafter, an amount
20 equal to the amount of any (i) distributions, to the
21 extent includible in gross income for federal income
22 tax purposes, made to the taxpayer because of his or
23 her status as a victim of persecution for racial or
24 religious reasons by Nazi Germany or any other Axis
25 regime or as an heir of the victim and (ii) items of
26 income, to the extent includible in gross income for

1 federal income tax purposes, attributable to, derived
2 from or in any way related to assets stolen from,
3 hidden from, or otherwise lost to a victim of
4 persecution for racial or religious reasons by Nazi
5 Germany or any other Axis regime immediately prior to,
6 during, and immediately after World War II, including,
7 but not limited to, interest on the proceeds receivable
8 as insurance under policies issued to a victim of
9 persecution for racial or religious reasons by Nazi
10 Germany or any other Axis regime by European insurance
11 companies immediately prior to and during World War II;
12 provided, however, this subtraction from federal
13 adjusted gross income does not apply to assets acquired
14 with such assets or with the proceeds from the sale of
15 such assets; provided, further, this paragraph shall
16 only apply to a taxpayer who was the first recipient of
17 such assets after their recovery and who is a victim of
18 persecution for racial or religious reasons by Nazi
19 Germany or any other Axis regime or as an heir of the
20 victim. The amount of and the eligibility for any
21 public assistance, benefit, or similar entitlement is
22 not affected by the inclusion of items (i) and (ii) of
23 this paragraph in gross income for federal income tax
24 purposes. This paragraph is exempt from the provisions
25 of Section 250;

26 (R) For taxable years 2001 and thereafter, for the

1 taxable year in which the bonus depreciation deduction
2 is taken on the taxpayer's federal income tax return
3 under subsection (k) of Section 168 of the Internal
4 Revenue Code and for each applicable taxable year
5 thereafter, an amount equal to "x", where:

6 (1) "y" equals the amount of the depreciation
7 deduction taken for the taxable year on the
8 taxpayer's federal income tax return on property
9 for which the bonus depreciation deduction was
10 taken in any year under subsection (k) of Section
11 168 of the Internal Revenue Code, but not including
12 the bonus depreciation deduction;

13 (2) for taxable years ending on or before
14 December 31, 2005, "x" equals "y" multiplied by 30
15 and then divided by 70 (or "y" multiplied by
16 0.429); and

17 (3) for taxable years ending after December
18 31, 2005:

19 (i) for property on which a bonus
20 depreciation deduction of 30% of the adjusted
21 basis was taken, "x" equals "y" multiplied by
22 30 and then divided by 70 (or "y" multiplied by
23 0.429); and

24 (ii) for property on which a bonus
25 depreciation deduction of 50% of the adjusted
26 basis was taken, "x" equals "y" multiplied by

1 1.0.

2 The aggregate amount deducted under this
3 subparagraph in all taxable years for any one piece of
4 property may not exceed the amount of the bonus
5 depreciation deduction taken on that property on the
6 taxpayer's federal income tax return under subsection
7 (k) of Section 168 of the Internal Revenue Code. This
8 subparagraph (R) is exempt from the provisions of
9 Section 250;

10 (S) If the taxpayer sells, transfers, abandons, or
11 otherwise disposes of property for which the taxpayer
12 was required in any taxable year to make an addition
13 modification under subparagraph (G-10), then an amount
14 equal to that addition modification.

15 If the taxpayer continues to own property through
16 the last day of the last tax year for which the
17 taxpayer may claim a depreciation deduction for
18 federal income tax purposes and for which the taxpayer
19 was required in any taxable year to make an addition
20 modification under subparagraph (G-10), then an amount
21 equal to that addition modification.

22 The taxpayer is allowed to take the deduction under
23 this subparagraph only once with respect to any one
24 piece of property.

25 This subparagraph (S) is exempt from the
26 provisions of Section 250;

1 (T) The amount of (i) any interest income (net of
2 the deductions allocable thereto) taken into account
3 for the taxable year with respect to a transaction with
4 a taxpayer that is required to make an addition
5 modification with respect to such transaction under
6 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
7 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
8 the amount of such addition modification and (ii) any
9 income from intangible property (net of the deductions
10 allocable thereto) taken into account for the taxable
11 year with respect to a transaction with a taxpayer that
12 is required to make an addition modification with
13 respect to such transaction under Section
14 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
15 203(d)(2)(D-8), but not to exceed the amount of such
16 addition modification. This subparagraph (T) is exempt
17 from the provisions of Section 250;

18 (U) An amount equal to the interest income taken
19 into account for the taxable year (net of the
20 deductions allocable thereto) with respect to
21 transactions with (i) a foreign person who would be a
22 member of the taxpayer's unitary business group but for
23 the fact the foreign person's business activity
24 outside the United States is 80% or more of that
25 person's total business activity and (ii) for taxable
26 years ending on or after December 31, 2008, to a person

1 who would be a member of the same unitary business
2 group but for the fact that the person is prohibited
3 under Section 1501(a)(27) from being included in the
4 unitary business group because he or she is ordinarily
5 required to apportion business income under different
6 subsections of Section 304, but not to exceed the
7 addition modification required to be made for the same
8 taxable year under Section 203(c)(2)(G-12) for
9 interest paid, accrued, or incurred, directly or
10 indirectly, to the same person. This subparagraph (U)
11 is exempt from the provisions of Section 250;

12 (V) An amount equal to the income from intangible
13 property taken into account for the taxable year (net
14 of the deductions allocable thereto) with respect to
15 transactions with (i) a foreign person who would be a
16 member of the taxpayer's unitary business group but for
17 the fact that the foreign person's business activity
18 outside the United States is 80% or more of that
19 person's total business activity and (ii) for taxable
20 years ending on or after December 31, 2008, to a person
21 who would be a member of the same unitary business
22 group but for the fact that the person is prohibited
23 under Section 1501(a)(27) from being included in the
24 unitary business group because he or she is ordinarily
25 required to apportion business income under different
26 subsections of Section 304, but not to exceed the

1 addition modification required to be made for the same
2 taxable year under Section 203(c)(2)(G-13) for
3 intangible expenses and costs paid, accrued, or
4 incurred, directly or indirectly, to the same foreign
5 person. This subparagraph (V) is exempt from the
6 provisions of Section 250;

7 (W) in the case of an estate, an amount equal to
8 all amounts included in such total pursuant to the
9 provisions of Section 111 of the Internal Revenue Code
10 as a recovery of items previously deducted by the
11 decedent from adjusted gross income in the computation
12 of taxable income. This subparagraph (W) is exempt from
13 Section 250;

14 (X) an amount equal to the refund included in such
15 total of any tax deducted for federal income tax
16 purposes, to the extent that deduction was added back
17 under subparagraph (F). This subparagraph (X) is
18 exempt from the provisions of Section 250; ~~and~~

19 (Y) For taxable years ending on or after December
20 31, 2011, in the case of a taxpayer who was required to
21 add back any insurance premiums under Section
22 203(c)(2)(G-14), such taxpayer may elect to subtract
23 that part of a reimbursement received from the
24 insurance company equal to the amount of the expense or
25 loss (including expenses incurred by the insurance
26 company) that would have been taken into account as a

1 deduction for federal income tax purposes if the
2 expense or loss had been uninsured. If a taxpayer makes
3 the election provided for by this subparagraph (Y), the
4 insurer to which the premiums were paid must add back
5 to income the amount subtracted by the taxpayer
6 pursuant to this subparagraph (Y). This subparagraph
7 (Y) is exempt from the provisions of Section 250; and ~~and~~

8 (Z) An amount equal to all the ordinary and
9 necessary expenses paid or incurred during the taxable
10 year in carrying on the business of a cannabis
11 establishment as defined in Section 10 of the Cannabis
12 Regulation and Taxation Act if the cannabis
13 establishment is in compliance with that Act,
14 including:

15 (1) a reasonable allowance for salaries or
16 other compensation for personal services actually
17 rendered;

18 (2) traveling expenses, including amounts
19 expended for meals and lodging other than amounts
20 which are lavish or extravagant under the
21 circumstances, while away from home in the pursuit
22 of the business of the cannabis establishment; and

23 (3) rentals or other payments required to be
24 made as a condition to the continued use or
25 possession, for purposes of the business of a
26 cannabis establishment, of property to which the

1 taxpayer has not taken or is not taking title or in
2 which he has no equity.

3 (3) Limitation. The amount of any modification
4 otherwise required under this subsection shall, under
5 regulations prescribed by the Department, be adjusted by
6 any amounts included therein which were properly paid,
7 credited, or required to be distributed, or permanently set
8 aside for charitable purposes pursuant to Internal Revenue
9 Code Section 642 (c) during the taxable year.

10 (d) Partnerships.

11 (1) In general. In the case of a partnership, base
12 income means an amount equal to the taxpayer's taxable
13 income for the taxable year as modified by paragraph (2).

14 (2) Modifications. The taxable income referred to in
15 paragraph (1) shall be modified by adding thereto the sum
16 of the following amounts:

17 (A) An amount equal to all amounts paid or accrued
18 to the taxpayer as interest or dividends during the
19 taxable year to the extent excluded from gross income
20 in the computation of taxable income;

21 (B) An amount equal to the amount of tax imposed by
22 this Act to the extent deducted from gross income for
23 the taxable year;

24 (C) The amount of deductions allowed to the
25 partnership pursuant to Section 707 (c) of the Internal

1 Revenue Code in calculating its taxable income;

2 (D) An amount equal to the amount of the capital
3 gain deduction allowable under the Internal Revenue
4 Code, to the extent deducted from gross income in the
5 computation of taxable income;

6 (D-5) For taxable years 2001 and thereafter, an
7 amount equal to the bonus depreciation deduction taken
8 on the taxpayer's federal income tax return for the
9 taxable year under subsection (k) of Section 168 of the
10 Internal Revenue Code;

11 (D-6) If the taxpayer sells, transfers, abandons,
12 or otherwise disposes of property for which the
13 taxpayer was required in any taxable year to make an
14 addition modification under subparagraph (D-5), then
15 an amount equal to the aggregate amount of the
16 deductions taken in all taxable years under
17 subparagraph (D) with respect to that property.

18 If the taxpayer continues to own property through
19 the last day of the last tax year for which the
20 taxpayer may claim a depreciation deduction for
21 federal income tax purposes and for which the taxpayer
22 was allowed in any taxable year to make a subtraction
23 modification under subparagraph (D), then an amount
24 equal to that subtraction modification.

25 The taxpayer is required to make the addition
26 modification under this subparagraph only once with

1 respect to any one piece of property;

2 (D-7) An amount equal to the amount otherwise
3 allowed as a deduction in computing base income for
4 interest paid, accrued, or incurred, directly or
5 indirectly, (i) for taxable years ending on or after
6 December 31, 2004, to a foreign person who would be a
7 member of the same unitary business group but for the
8 fact the foreign person's business activity outside
9 the United States is 80% or more of the foreign
10 person's total business activity and (ii) for taxable
11 years ending on or after December 31, 2008, to a person
12 who would be a member of the same unitary business
13 group but for the fact that the person is prohibited
14 under Section 1501(a)(27) from being included in the
15 unitary business group because he or she is ordinarily
16 required to apportion business income under different
17 subsections of Section 304. The addition modification
18 required by this subparagraph shall be reduced to the
19 extent that dividends were included in base income of
20 the unitary group for the same taxable year and
21 received by the taxpayer or by a member of the
22 taxpayer's unitary business group (including amounts
23 included in gross income pursuant to Sections 951
24 through 964 of the Internal Revenue Code and amounts
25 included in gross income under Section 78 of the
26 Internal Revenue Code) with respect to the stock of the

1 same person to whom the interest was paid, accrued, or
2 incurred.

3 This paragraph shall not apply to the following:

4 (i) an item of interest paid, accrued, or
5 incurred, directly or indirectly, to a person who
6 is subject in a foreign country or state, other
7 than a state which requires mandatory unitary
8 reporting, to a tax on or measured by net income
9 with respect to such interest; or

10 (ii) an item of interest paid, accrued, or
11 incurred, directly or indirectly, to a person if
12 the taxpayer can establish, based on a
13 preponderance of the evidence, both of the
14 following:

15 (a) the person, during the same taxable
16 year, paid, accrued, or incurred, the interest
17 to a person that is not a related member, and

18 (b) the transaction giving rise to the
19 interest expense between the taxpayer and the
20 person did not have as a principal purpose the
21 avoidance of Illinois income tax, and is paid
22 pursuant to a contract or agreement that
23 reflects an arm's-length interest rate and
24 terms; or

25 (iii) the taxpayer can establish, based on
26 clear and convincing evidence, that the interest

1 paid, accrued, or incurred relates to a contract or
2 agreement entered into at arm's-length rates and
3 terms and the principal purpose for the payment is
4 not federal or Illinois tax avoidance; or

5 (iv) an item of interest paid, accrued, or
6 incurred, directly or indirectly, to a person if
7 the taxpayer establishes by clear and convincing
8 evidence that the adjustments are unreasonable; or
9 if the taxpayer and the Director agree in writing
10 to the application or use of an alternative method
11 of apportionment under Section 304(f).

12 Nothing in this subsection shall preclude the
13 Director from making any other adjustment
14 otherwise allowed under Section 404 of this Act for
15 any tax year beginning after the effective date of
16 this amendment provided such adjustment is made
17 pursuant to regulation adopted by the Department
18 and such regulations provide methods and standards
19 by which the Department will utilize its authority
20 under Section 404 of this Act; and

21 (D-8) An amount equal to the amount of intangible
22 expenses and costs otherwise allowed as a deduction in
23 computing base income, and that were paid, accrued, or
24 incurred, directly or indirectly, (i) for taxable
25 years ending on or after December 31, 2004, to a
26 foreign person who would be a member of the same

1 unitary business group but for the fact that the
2 foreign person's business activity outside the United
3 States is 80% or more of that person's total business
4 activity and (ii) for taxable years ending on or after
5 December 31, 2008, to a person who would be a member of
6 the same unitary business group but for the fact that
7 the person is prohibited under Section 1501(a)(27)
8 from being included in the unitary business group
9 because he or she is ordinarily required to apportion
10 business income under different subsections of Section
11 304. The addition modification required by this
12 subparagraph shall be reduced to the extent that
13 dividends were included in base income of the unitary
14 group for the same taxable year and received by the
15 taxpayer or by a member of the taxpayer's unitary
16 business group (including amounts included in gross
17 income pursuant to Sections 951 through 964 of the
18 Internal Revenue Code and amounts included in gross
19 income under Section 78 of the Internal Revenue Code)
20 with respect to the stock of the same person to whom
21 the intangible expenses and costs were directly or
22 indirectly paid, incurred or accrued. The preceding
23 sentence shall not apply to the extent that the same
24 dividends caused a reduction to the addition
25 modification required under Section 203(d)(2)(D-7) of
26 this Act. As used in this subparagraph, the term

1 "intangible expenses and costs" includes (1) expenses,
2 losses, and costs for, or related to, the direct or
3 indirect acquisition, use, maintenance or management,
4 ownership, sale, exchange, or any other disposition of
5 intangible property; (2) losses incurred, directly or
6 indirectly, from factoring transactions or discounting
7 transactions; (3) royalty, patent, technical, and
8 copyright fees; (4) licensing fees; and (5) other
9 similar expenses and costs. For purposes of this
10 subparagraph, "intangible property" includes patents,
11 patent applications, trade names, trademarks, service
12 marks, copyrights, mask works, trade secrets, and
13 similar types of intangible assets;

14 This paragraph shall not apply to the following:

15 (i) any item of intangible expenses or costs
16 paid, accrued, or incurred, directly or
17 indirectly, from a transaction with a person who is
18 subject in a foreign country or state, other than a
19 state which requires mandatory unitary reporting,
20 to a tax on or measured by net income with respect
21 to such item; or

22 (ii) any item of intangible expense or cost
23 paid, accrued, or incurred, directly or
24 indirectly, if the taxpayer can establish, based
25 on a preponderance of the evidence, both of the
26 following:

1 (a) the person during the same taxable
2 year paid, accrued, or incurred, the
3 intangible expense or cost to a person that is
4 not a related member, and

5 (b) the transaction giving rise to the
6 intangible expense or cost between the
7 taxpayer and the person did not have as a
8 principal purpose the avoidance of Illinois
9 income tax, and is paid pursuant to a contract
10 or agreement that reflects arm's-length terms;
11 or

12 (iii) any item of intangible expense or cost
13 paid, accrued, or incurred, directly or
14 indirectly, from a transaction with a person if the
15 taxpayer establishes by clear and convincing
16 evidence, that the adjustments are unreasonable;
17 or if the taxpayer and the Director agree in
18 writing to the application or use of an alternative
19 method of apportionment under Section 304(f);

20 Nothing in this subsection shall preclude the
21 Director from making any other adjustment
22 otherwise allowed under Section 404 of this Act for
23 any tax year beginning after the effective date of
24 this amendment provided such adjustment is made
25 pursuant to regulation adopted by the Department
26 and such regulations provide methods and standards

1 by which the Department will utilize its authority
2 under Section 404 of this Act;

3 (D-9) For taxable years ending on or after December
4 31, 2008, an amount equal to the amount of insurance
5 premium expenses and costs otherwise allowed as a
6 deduction in computing base income, and that were paid,
7 accrued, or incurred, directly or indirectly, to a
8 person who would be a member of the same unitary
9 business group but for the fact that the person is
10 prohibited under Section 1501(a)(27) from being
11 included in the unitary business group because he or
12 she is ordinarily required to apportion business
13 income under different subsections of Section 304. The
14 addition modification required by this subparagraph
15 shall be reduced to the extent that dividends were
16 included in base income of the unitary group for the
17 same taxable year and received by the taxpayer or by a
18 member of the taxpayer's unitary business group
19 (including amounts included in gross income under
20 Sections 951 through 964 of the Internal Revenue Code
21 and amounts included in gross income under Section 78
22 of the Internal Revenue Code) with respect to the stock
23 of the same person to whom the premiums and costs were
24 directly or indirectly paid, incurred, or accrued. The
25 preceding sentence does not apply to the extent that
26 the same dividends caused a reduction to the addition

1 modification required under Section 203(d) (2) (D-7) or
2 Section 203(d) (2) (D-8) of this Act;

3 (D-10) An amount equal to the credit allowable to
4 the taxpayer under Section 218(a) of this Act,
5 determined without regard to Section 218(c) of this
6 Act;

7 and by deducting from the total so obtained the following
8 amounts:

9 (E) The valuation limitation amount;

10 (F) An amount equal to the amount of any tax
11 imposed by this Act which was refunded to the taxpayer
12 and included in such total for the taxable year;

13 (G) An amount equal to all amounts included in
14 taxable income as modified by subparagraphs (A), (B),
15 (C) and (D) which are exempt from taxation by this
16 State either by reason of its statutes or Constitution
17 or by reason of the Constitution, treaties or statutes
18 of the United States; provided that, in the case of any
19 statute of this State that exempts income derived from
20 bonds or other obligations from the tax imposed under
21 this Act, the amount exempted shall be the interest net
22 of bond premium amortization;

23 (H) Any income of the partnership which
24 constitutes personal service income as defined in
25 Section 1348 (b) (1) of the Internal Revenue Code (as
26 in effect December 31, 1981) or a reasonable allowance

1 for compensation paid or accrued for services rendered
2 by partners to the partnership, whichever is greater;
3 this subparagraph (H) is exempt from the provisions of
4 Section 250;

5 (I) An amount equal to all amounts of income
6 distributable to an entity subject to the Personal
7 Property Tax Replacement Income Tax imposed by
8 subsections (c) and (d) of Section 201 of this Act
9 including amounts distributable to organizations
10 exempt from federal income tax by reason of Section
11 501(a) of the Internal Revenue Code; this subparagraph
12 (I) is exempt from the provisions of Section 250;

13 (J) With the exception of any amounts subtracted
14 under subparagraph (G), an amount equal to the sum of
15 all amounts disallowed as deductions by (i) Sections
16 171(a) (2), and 265(2) of the Internal Revenue Code,
17 and all amounts of expenses allocable to interest and
18 disallowed as deductions by Section 265(1) of the
19 Internal Revenue Code; and (ii) for taxable years
20 ending on or after August 13, 1999, Sections 171(a) (2),
21 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
22 Code, plus, (iii) for taxable years ending on or after
23 December 31, 2011, Section 45G(e) (3) of the Internal
24 Revenue Code and, for taxable years ending on or after
25 December 31, 2008, any amount included in gross income
26 under Section 87 of the Internal Revenue Code; the

1 provisions of this subparagraph are exempt from the
2 provisions of Section 250;

3 (K) An amount equal to those dividends included in
4 such total which were paid by a corporation which
5 conducts business operations in a River Edge
6 Redevelopment Zone or zones created under the River
7 Edge Redevelopment Zone Act and conducts substantially
8 all of its operations from a River Edge Redevelopment
9 Zone or zones. This subparagraph (K) is exempt from the
10 provisions of Section 250;

11 (L) An amount equal to any contribution made to a
12 job training project established pursuant to the Real
13 Property Tax Increment Allocation Redevelopment Act;

14 (M) An amount equal to those dividends included in
15 such total that were paid by a corporation that
16 conducts business operations in a federally designated
17 Foreign Trade Zone or Sub-Zone and that is designated a
18 High Impact Business located in Illinois; provided
19 that dividends eligible for the deduction provided in
20 subparagraph (K) of paragraph (2) of this subsection
21 shall not be eligible for the deduction provided under
22 this subparagraph (M);

23 (N) An amount equal to the amount of the deduction
24 used to compute the federal income tax credit for
25 restoration of substantial amounts held under claim of
26 right for the taxable year pursuant to Section 1341 of

1 the Internal Revenue Code;

2 (O) For taxable years 2001 and thereafter, for the
3 taxable year in which the bonus depreciation deduction
4 is taken on the taxpayer's federal income tax return
5 under subsection (k) of Section 168 of the Internal
6 Revenue Code and for each applicable taxable year
7 thereafter, an amount equal to "x", where:

8 (1) "y" equals the amount of the depreciation
9 deduction taken for the taxable year on the
10 taxpayer's federal income tax return on property
11 for which the bonus depreciation deduction was
12 taken in any year under subsection (k) of Section
13 168 of the Internal Revenue Code, but not including
14 the bonus depreciation deduction;

15 (2) for taxable years ending on or before
16 December 31, 2005, "x" equals "y" multiplied by 30
17 and then divided by 70 (or "y" multiplied by
18 0.429); and

19 (3) for taxable years ending after December
20 31, 2005:

21 (i) for property on which a bonus
22 depreciation deduction of 30% of the adjusted
23 basis was taken, "x" equals "y" multiplied by
24 30 and then divided by 70 (or "y" multiplied by
25 0.429); and

26 (ii) for property on which a bonus

1 depreciation deduction of 50% of the adjusted
2 basis was taken, "x" equals "y" multiplied by
3 1.0.

4 The aggregate amount deducted under this
5 subparagraph in all taxable years for any one piece of
6 property may not exceed the amount of the bonus
7 depreciation deduction taken on that property on the
8 taxpayer's federal income tax return under subsection
9 (k) of Section 168 of the Internal Revenue Code. This
10 subparagraph (O) is exempt from the provisions of
11 Section 250;

12 (P) If the taxpayer sells, transfers, abandons, or
13 otherwise disposes of property for which the taxpayer
14 was required in any taxable year to make an addition
15 modification under subparagraph (D-5), then an amount
16 equal to that addition modification.

17 If the taxpayer continues to own property through
18 the last day of the last tax year for which the
19 taxpayer may claim a depreciation deduction for
20 federal income tax purposes and for which the taxpayer
21 was required in any taxable year to make an addition
22 modification under subparagraph (D-5), then an amount
23 equal to that addition modification.

24 The taxpayer is allowed to take the deduction under
25 this subparagraph only once with respect to any one
26 piece of property.

1 This subparagraph (P) is exempt from the
2 provisions of Section 250;

3 (Q) The amount of (i) any interest income (net of
4 the deductions allocable thereto) taken into account
5 for the taxable year with respect to a transaction with
6 a taxpayer that is required to make an addition
7 modification with respect to such transaction under
8 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
9 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
10 the amount of such addition modification and (ii) any
11 income from intangible property (net of the deductions
12 allocable thereto) taken into account for the taxable
13 year with respect to a transaction with a taxpayer that
14 is required to make an addition modification with
15 respect to such transaction under Section
16 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
17 203(d)(2)(D-8), but not to exceed the amount of such
18 addition modification. This subparagraph (Q) is exempt
19 from Section 250;

20 (R) An amount equal to the interest income taken
21 into account for the taxable year (net of the
22 deductions allocable thereto) with respect to
23 transactions with (i) a foreign person who would be a
24 member of the taxpayer's unitary business group but for
25 the fact that the foreign person's business activity
26 outside the United States is 80% or more of that

1 person's total business activity and (ii) for taxable
2 years ending on or after December 31, 2008, to a person
3 who would be a member of the same unitary business
4 group but for the fact that the person is prohibited
5 under Section 1501(a)(27) from being included in the
6 unitary business group because he or she is ordinarily
7 required to apportion business income under different
8 subsections of Section 304, but not to exceed the
9 addition modification required to be made for the same
10 taxable year under Section 203(d)(2)(D-7) for interest
11 paid, accrued, or incurred, directly or indirectly, to
12 the same person. This subparagraph (R) is exempt from
13 Section 250;

14 (S) An amount equal to the income from intangible
15 property taken into account for the taxable year (net
16 of the deductions allocable thereto) with respect to
17 transactions with (i) a foreign person who would be a
18 member of the taxpayer's unitary business group but for
19 the fact that the foreign person's business activity
20 outside the United States is 80% or more of that
21 person's total business activity and (ii) for taxable
22 years ending on or after December 31, 2008, to a person
23 who would be a member of the same unitary business
24 group but for the fact that the person is prohibited
25 under Section 1501(a)(27) from being included in the
26 unitary business group because he or she is ordinarily

1 required to apportion business income under different
2 subsections of Section 304, but not to exceed the
3 addition modification required to be made for the same
4 taxable year under Section 203(d)(2)(D-8) for
5 intangible expenses and costs paid, accrued, or
6 incurred, directly or indirectly, to the same person.
7 This subparagraph (S) is exempt from Section 250; ~~and~~

8 (T) For taxable years ending on or after December
9 31, 2011, in the case of a taxpayer who was required to
10 add back any insurance premiums under Section
11 203(d)(2)(D-9), such taxpayer may elect to subtract
12 that part of a reimbursement received from the
13 insurance company equal to the amount of the expense or
14 loss (including expenses incurred by the insurance
15 company) that would have been taken into account as a
16 deduction for federal income tax purposes if the
17 expense or loss had been uninsured. If a taxpayer makes
18 the election provided for by this subparagraph (T), the
19 insurer to which the premiums were paid must add back
20 to income the amount subtracted by the taxpayer
21 pursuant to this subparagraph (T). This subparagraph
22 (T) is exempt from the provisions of Section 250; and ~~and~~

23 (U) An amount equal to all the ordinary and
24 necessary expenses paid or incurred during the taxable
25 year in carrying on the business of a cannabis
26 establishment as defined in Section 10 of the Cannabis

1 Regulation and Taxation Act if the cannabis
2 establishment is in compliance with that Act,
3 including:

4 (1) a reasonable allowance for salaries or
5 other compensation for personal services actually
6 rendered;

7 (2) traveling expenses, including amounts
8 expended for meals and lodging other than amounts
9 which are lavish or extravagant under the
10 circumstances, while away from home in the pursuit
11 of the business of the cannabis establishment; and

12 (3) rentals or other payments required to be
13 made as a condition to the continued use or
14 possession, for purposes of the business of a
15 cannabis establishment, of property to which the
16 taxpayer has not taken or is not taking title or in
17 which he has no equity.

18 (e) Gross income; adjusted gross income; taxable income.

19 (1) In general. Subject to the provisions of paragraph
20 (2) and subsection (b) (3), for purposes of this Section
21 and Section 803(e), a taxpayer's gross income, adjusted
22 gross income, or taxable income for the taxable year shall
23 mean the amount of gross income, adjusted gross income or
24 taxable income properly reportable for federal income tax
25 purposes for the taxable year under the provisions of the

1 Internal Revenue Code. Taxable income may be less than
2 zero. However, for taxable years ending on or after
3 December 31, 1986, net operating loss carryforwards from
4 taxable years ending prior to December 31, 1986, may not
5 exceed the sum of federal taxable income for the taxable
6 year before net operating loss deduction, plus the excess
7 of addition modifications over subtraction modifications
8 for the taxable year. For taxable years ending prior to
9 December 31, 1986, taxable income may never be an amount in
10 excess of the net operating loss for the taxable year as
11 defined in subsections (c) and (d) of Section 172 of the
12 Internal Revenue Code, provided that when taxable income of
13 a corporation (other than a Subchapter S corporation),
14 trust, or estate is less than zero and addition
15 modifications, other than those provided by subparagraph
16 (E) of paragraph (2) of subsection (b) for corporations or
17 subparagraph (E) of paragraph (2) of subsection (c) for
18 trusts and estates, exceed subtraction modifications, an
19 addition modification must be made under those
20 subparagraphs for any other taxable year to which the
21 taxable income less than zero (net operating loss) is
22 applied under Section 172 of the Internal Revenue Code or
23 under subparagraph (E) of paragraph (2) of this subsection
24 (e) applied in conjunction with Section 172 of the Internal
25 Revenue Code.

26 (2) Special rule. For purposes of paragraph (1) of this

1 subsection, the taxable income properly reportable for
2 federal income tax purposes shall mean:

3 (A) Certain life insurance companies. In the case
4 of a life insurance company subject to the tax imposed
5 by Section 801 of the Internal Revenue Code, life
6 insurance company taxable income, plus the amount of
7 distribution from pre-1984 policyholder surplus
8 accounts as calculated under Section 815a of the
9 Internal Revenue Code;

10 (B) Certain other insurance companies. In the case
11 of mutual insurance companies subject to the tax
12 imposed by Section 831 of the Internal Revenue Code,
13 insurance company taxable income;

14 (C) Regulated investment companies. In the case of
15 a regulated investment company subject to the tax
16 imposed by Section 852 of the Internal Revenue Code,
17 investment company taxable income;

18 (D) Real estate investment trusts. In the case of a
19 real estate investment trust subject to the tax imposed
20 by Section 857 of the Internal Revenue Code, real
21 estate investment trust taxable income;

22 (E) Consolidated corporations. In the case of a
23 corporation which is a member of an affiliated group of
24 corporations filing a consolidated income tax return
25 for the taxable year for federal income tax purposes,
26 taxable income determined as if such corporation had

1 filed a separate return for federal income tax purposes
2 for the taxable year and each preceding taxable year
3 for which it was a member of an affiliated group. For
4 purposes of this subparagraph, the taxpayer's separate
5 taxable income shall be determined as if the election
6 provided by Section 243(b) (2) of the Internal Revenue
7 Code had been in effect for all such years;

8 (F) Cooperatives. In the case of a cooperative
9 corporation or association, the taxable income of such
10 organization determined in accordance with the
11 provisions of Section 1381 through 1388 of the Internal
12 Revenue Code, but without regard to the prohibition
13 against offsetting losses from patronage activities
14 against income from nonpatronage activities; except
15 that a cooperative corporation or association may make
16 an election to follow its federal income tax treatment
17 of patronage losses and nonpatronage losses. In the
18 event such election is made, such losses shall be
19 computed and carried over in a manner consistent with
20 subsection (a) of Section 207 of this Act and
21 apportioned by the apportionment factor reported by
22 the cooperative on its Illinois income tax return filed
23 for the taxable year in which the losses are incurred.
24 The election shall be effective for all taxable years
25 with original returns due on or after the date of the
26 election. In addition, the cooperative may file an

1 amended return or returns, as allowed under this Act,
2 to provide that the election shall be effective for
3 losses incurred or carried forward for taxable years
4 occurring prior to the date of the election. Once made,
5 the election may only be revoked upon approval of the
6 Director. The Department shall adopt rules setting
7 forth requirements for documenting the elections and
8 any resulting Illinois net loss and the standards to be
9 used by the Director in evaluating requests to revoke
10 elections. Public Act 96-932 is declaratory of
11 existing law;

12 (G) Subchapter S corporations. In the case of: (i)
13 a Subchapter S corporation for which there is in effect
14 an election for the taxable year under Section 1362 of
15 the Internal Revenue Code, the taxable income of such
16 corporation determined in accordance with Section
17 1363(b) of the Internal Revenue Code, except that
18 taxable income shall take into account those items
19 which are required by Section 1363(b)(1) of the
20 Internal Revenue Code to be separately stated; and (ii)
21 a Subchapter S corporation for which there is in effect
22 a federal election to opt out of the provisions of the
23 Subchapter S Revision Act of 1982 and have applied
24 instead the prior federal Subchapter S rules as in
25 effect on July 1, 1982, the taxable income of such
26 corporation determined in accordance with the federal

1 Subchapter S rules as in effect on July 1, 1982; and

2 (H) Partnerships. In the case of a partnership,
3 taxable income determined in accordance with Section
4 703 of the Internal Revenue Code, except that taxable
5 income shall take into account those items which are
6 required by Section 703(a)(1) to be separately stated
7 but which would be taken into account by an individual
8 in calculating his taxable income.

9 (3) Recapture of business expenses on disposition of
10 asset or business. Notwithstanding any other law to the
11 contrary, if in prior years income from an asset or
12 business has been classified as business income and in a
13 later year is demonstrated to be non-business income, then
14 all expenses, without limitation, deducted in such later
15 year and in the 2 immediately preceding taxable years
16 related to that asset or business that generated the
17 non-business income shall be added back and recaptured as
18 business income in the year of the disposition of the asset
19 or business. Such amount shall be apportioned to Illinois
20 using the greater of the apportionment fraction computed
21 for the business under Section 304 of this Act for the
22 taxable year or the average of the apportionment fractions
23 computed for the business under Section 304 of this Act for
24 the taxable year and for the 2 immediately preceding
25 taxable years.

1 (f) Valuation limitation amount.

2 (1) In general. The valuation limitation amount
3 referred to in subsections (a) (2) (G), (c) (2) (I) and
4 (d) (2) (E) is an amount equal to:

5 (A) The sum of the pre-August 1, 1969 appreciation
6 amounts (to the extent consisting of gain reportable
7 under the provisions of Section 1245 or 1250 of the
8 Internal Revenue Code) for all property in respect of
9 which such gain was reported for the taxable year; plus

10 (B) The lesser of (i) the sum of the pre-August 1,
11 1969 appreciation amounts (to the extent consisting of
12 capital gain) for all property in respect of which such
13 gain was reported for federal income tax purposes for
14 the taxable year, or (ii) the net capital gain for the
15 taxable year, reduced in either case by any amount of
16 such gain included in the amount determined under
17 subsection (a) (2) (F) or (c) (2) (H).

18 (2) Pre-August 1, 1969 appreciation amount.

19 (A) If the fair market value of property referred
20 to in paragraph (1) was readily ascertainable on August
21 1, 1969, the pre-August 1, 1969 appreciation amount for
22 such property is the lesser of (i) the excess of such
23 fair market value over the taxpayer's basis (for
24 determining gain) for such property on that date
25 (determined under the Internal Revenue Code as in
26 effect on that date), or (ii) the total gain realized

1 and reportable for federal income tax purposes in
2 respect of the sale, exchange or other disposition of
3 such property.

4 (B) If the fair market value of property referred
5 to in paragraph (1) was not readily ascertainable on
6 August 1, 1969, the pre-August 1, 1969 appreciation
7 amount for such property is that amount which bears the
8 same ratio to the total gain reported in respect of the
9 property for federal income tax purposes for the
10 taxable year, as the number of full calendar months in
11 that part of the taxpayer's holding period for the
12 property ending July 31, 1969 bears to the number of
13 full calendar months in the taxpayer's entire holding
14 period for the property.

15 (C) The Department shall prescribe such
16 regulations as may be necessary to carry out the
17 purposes of this paragraph.

18 (g) Double deductions. Unless specifically provided
19 otherwise, nothing in this Section shall permit the same item
20 to be deducted more than once.

21 (h) Legislative intention. Except as expressly provided by
22 this Section there shall be no modifications or limitations on
23 the amounts of income, gain, loss or deduction taken into
24 account in determining gross income, adjusted gross income or

1 taxable income for federal income tax purposes for the taxable
2 year, or in the amount of such items entering into the
3 computation of base income and net income under this Act for
4 such taxable year, whether in respect of property values as of
5 August 1, 1969 or otherwise.

6 (Source: P.A. 96-45, eff. 7-15-09; 96-120, eff. 8-4-09; 96-198,
7 eff. 8-10-09; 96-328, eff. 8-11-09; 96-520, eff. 8-14-09;
8 96-835, eff. 12-16-09; 96-932, eff. 1-1-11; 96-935, eff.
9 6-21-10; 96-1214, eff. 7-22-10; 97-333, eff. 8-12-11; 97-507,
10 eff. 8-23-11; 97-905, eff. 8-7-12.)

11 Section 1010. The Compassionate Use of Medical Cannabis
12 Pilot Program Act is amended by changing Sections 10 and 115 as
13 follows:

14 (410 ILCS 130/10)

15 (Section scheduled to be repealed on July 1, 2020)

16 Sec. 10. Definitions. The following terms, as used in this
17 Act, shall have the meanings set forth in this Section:

18 (a) "Adequate supply" means:

19 (1) 2.5 ounces of usable cannabis during a period of 14
20 days and that is derived solely from an intrastate source.

21 (2) Subject to the rules of the Department of Public
22 Health, a patient may apply for a waiver where a physician
23 provides a substantial medical basis in a signed, written
24 statement asserting that, based on the patient's medical

1 history, in the physician's professional judgment, 2.5
2 ounces is an insufficient adequate supply for a 14-day
3 period to properly alleviate the patient's debilitating
4 medical condition or symptoms associated with the
5 debilitating medical condition.

6 (3) This subsection may not be construed to authorize
7 the possession of more than 2.5 ounces at any time without
8 authority from the Department of Public Health.

9 (4) The pre-mixed weight of medical cannabis used in
10 making a cannabis infused product shall apply toward the
11 limit on the total amount of medical cannabis a registered
12 qualifying patient may possess at any one time.

13 (b) "Cannabis" has the meaning given that term in Section 3
14 of the Cannabis Control Act.

15 (c) "Cannabis plant monitoring system" means a system that
16 includes, but is not limited to, testing and data collection
17 established and maintained by the registered cultivation
18 center and available to the Department for the purposes of
19 documenting each cannabis plant and for monitoring plant
20 development throughout the life cycle of a cannabis plant
21 cultivated for the intended use by a qualifying patient from
22 seed planting to final packaging.

23 (d) "Cardholder" means a qualifying patient or a designated
24 caregiver who has been issued and possesses a valid registry
25 identification card by the Department of Public Health.

26 (e) "Cultivation center" means a facility operated by an

1 organization or business that is registered by the Department
2 of Agriculture to perform necessary activities to provide only
3 registered medical cannabis dispensing organizations with
4 usable medical cannabis.

5 (f) "Cultivation center agent" means a principal officer,
6 board member, employee, or agent of a registered cultivation
7 center who is 21 years of age or older and has not been
8 convicted of an excluded offense.

9 (g) "Cultivation center agent identification card" means a
10 document issued by the Department of Agriculture that
11 identifies a person as a cultivation center agent.

12 (h) "Debilitating medical condition" means one or more of
13 the following:

14 (1) cancer, glaucoma, positive status for human
15 immunodeficiency virus, acquired immune deficiency
16 syndrome, hepatitis C, amyotrophic lateral sclerosis,
17 Crohn's disease, agitation of Alzheimer's disease,
18 cachexia/wasting syndrome, muscular dystrophy, severe
19 fibromyalgia, spinal cord disease, including but not
20 limited to arachnoiditis, Tarlov cysts, hydromyelia,
21 syringomyelia, Rheumatoid arthritis, fibrous dysplasia,
22 spinal cord injury, traumatic brain injury and
23 post-concussion syndrome, Multiple Sclerosis,
24 Arnold-Chiari malformation and Syringomyelia,
25 Spinocerebellar Ataxia (SCA), Parkinson's, Tourette's,
26 Myoclonus, Dystonia, Reflex Sympathetic Dystrophy, RSD

1 (Complex Regional Pain Syndromes Type I), Causalgia, CRPS
2 (Complex Regional Pain Syndromes Type II),
3 Neurofibromatosis, Chronic Inflammatory Demyelinating
4 Polyneuropathy, Sjogren's syndrome, Lupus, Interstitial
5 Cystitis, Myasthenia Gravis, Hydrocephalus, nail-patella
6 syndrome, residual limb pain, seizures (including those
7 characteristic of epilepsy), post-traumatic stress
8 disorder (PTSD), or the treatment of these conditions;

9 (1.5) terminal illness with a diagnosis of 6 months or
10 less; if the terminal illness is not one of the qualifying
11 debilitating medical conditions, then the physician shall
12 on the certification form identify the cause of the
13 terminal illness; or

14 (2) any other debilitating medical condition or its
15 treatment that is added by the Department of Public Health
16 by rule as provided in Section 45.

17 (i) "Designated caregiver" means a person who: (1) is at
18 least 21 years of age; (2) has agreed to assist with a
19 patient's medical use of cannabis; (3) has not been convicted
20 of an excluded offense; and (4) assists no more than one
21 registered qualifying patient with his or her medical use of
22 cannabis.

23 (j) "Dispensing organization agent identification card"
24 means a document issued by the Department of Financial and
25 Professional Regulation that identifies a person as a medical
26 cannabis dispensing organization agent.

1 (k) "Enclosed, locked facility" means a room, greenhouse,
2 building, or other enclosed area equipped with locks or other
3 security devices that permit access only by a cultivation
4 center's agents or a dispensing organization's agent working
5 for the registered cultivation center or the registered
6 dispensing organization to cultivate, store, and distribute
7 cannabis for registered qualifying patients.

8 (l) "Excluded offense" for cultivation center agents and
9 dispensing organizations means:

10 (1) a violent crime defined in Section 3 of the Rights
11 of Crime Victims and Witnesses Act or a substantially
12 similar offense that was classified as a felony in the
13 jurisdiction where the person was convicted; or

14 (2) a violation of a state or federal controlled
15 substance law, the Cannabis Control Act, or the
16 Methamphetamine Control and Community Protection Act that
17 was classified as a felony in the jurisdiction where the
18 person was convicted, except that the registering
19 Department may waive this restriction if the person
20 demonstrates to the registering Department's satisfaction
21 that his or her conviction was for the possession,
22 cultivation, transfer, or delivery of a reasonable amount
23 of cannabis intended for medical use. This exception does
24 not apply if the conviction was under state law and
25 involved a violation of an existing medical cannabis law.

26 For purposes of this subsection, the Department of Public

1 Health shall determine by emergency rule within 30 days after
2 the effective date of this amendatory Act of the 99th General
3 Assembly what constitutes a "reasonable amount".

4 (1-5) "Excluded offense" for a qualifying patient or
5 designated caregiver means a violation of state or federal
6 controlled substance law, the Cannabis Control Act, or the
7 Methamphetamine and Community Protection Act that was
8 classified as a felony in the jurisdiction where the person was
9 convicted, except that the registering Department may waive
10 this restriction if the person demonstrates to the registering
11 Department's satisfaction that his or her conviction was for
12 the possession, cultivation, transfer, or delivery of a
13 reasonable amount of cannabis intended for medical use. This
14 exception does not apply if the conviction was under state law
15 and involved a violation of an existing medical cannabis law.
16 For purposes of this subsection, the Department of Public
17 Health shall determine by emergency rule within 30 days after
18 the effective date of this amendatory Act of the 99th General
19 Assembly what constitutes a "reasonable amount".

20 (m) "Medical cannabis cultivation center registration"
21 means a registration issued by the Department of Agriculture.

22 (n) "Medical cannabis container" means a sealed,
23 traceable, food compliant, tamper resistant, tamper evident
24 container, or package used for the purpose of containment of
25 medical cannabis from a cultivation center to a dispensing
26 organization.

1 (o) "Medical cannabis dispensing organization", or
2 "dispensing organization", or "dispensary organization" means
3 a facility operated by an organization or business that is
4 registered by the Department of Financial and Professional
5 Regulation to acquire medical cannabis from a registered
6 cultivation center for the purpose of dispensing cannabis,
7 paraphernalia, or related supplies and educational materials
8 to registered qualifying patients. "Medical cannabis
9 dispensing organization" includes a cannabis establishment
10 under the Cannabis Regulation and Taxation Act.

11 (p) "Medical cannabis dispensing organization agent" or
12 "dispensing organization agent" means a principal officer,
13 board member, employee, or agent of a registered medical
14 cannabis dispensing organization who is 21 years of age or
15 older and has not been convicted of an excluded offense.

16 (q) "Medical cannabis infused product" means food, oils,
17 ointments, or other products containing usable cannabis that
18 are not smoked.

19 (r) "Medical use" means the acquisition; administration;
20 delivery; possession; transfer; transportation; or use of
21 cannabis to treat or alleviate a registered qualifying
22 patient's debilitating medical condition or symptoms
23 associated with the patient's debilitating medical condition.

24 (s) "Physician" means a doctor of medicine or doctor of
25 osteopathy licensed under the Medical Practice Act of 1987 to
26 practice medicine and who has a controlled substances license

1 under Article III of the Illinois Controlled Substances Act. It
2 does not include a licensed practitioner under any other Act
3 including but not limited to the Illinois Dental Practice Act.

4 (t) "Qualifying patient" means a person who has been
5 diagnosed by a physician as having a debilitating medical
6 condition.

7 (u) "Registered" means licensed, permitted, or otherwise
8 certified by the Department of Agriculture, Department of
9 Public Health, or Department of Financial and Professional
10 Regulation.

11 (v) "Registry identification card" means a document issued
12 by the Department of Public Health that identifies a person as
13 a registered qualifying patient or registered designated
14 caregiver.

15 (w) "Usable cannabis" means the seeds, leaves, buds, and
16 flowers of the cannabis plant and any mixture or preparation
17 thereof, but does not include the stalks, and roots of the
18 plant. It does not include the weight of any non-cannabis
19 ingredients combined with cannabis, such as ingredients added
20 to prepare a topical administration, food, or drink.

21 (x) "Verification system" means a Web-based system
22 established and maintained by the Department of Public Health
23 that is available to the Department of Agriculture, the
24 Department of Financial and Professional Regulation, law
25 enforcement personnel, and registered medical cannabis
26 dispensing organization agents on a 24-hour basis for the

1 verification of registry identification cards, the tracking of
2 delivery of medical cannabis to medical cannabis dispensing
3 organizations, and the tracking of the date of sale, amount,
4 and price of medical cannabis purchased by a registered
5 qualifying patient.

6 (y) "Written certification" means a document dated and
7 signed by a physician, stating (1) that the qualifying patient
8 has a debilitating medical condition and specifying the
9 debilitating medical condition the qualifying patient has; and
10 (2) that the physician is treating or managing treatment of the
11 patient's debilitating medical condition. A written
12 certification shall be made only in the course of a bona fide
13 physician-patient relationship, after the physician has
14 completed an assessment of the qualifying patient's medical
15 history, reviewed relevant records related to the patient's
16 debilitating condition, and conducted a physical examination.

17 A veteran who has received treatment at a VA hospital shall
18 be deemed to have a bona fide physician-patient relationship
19 with a VA physician if the patient has been seen for his or her
20 debilitating medical condition at the VA Hospital in accordance
21 with VA Hospital protocols.

22 A bona fide physician-patient relationship under this
23 subsection is a privileged communication within the meaning of
24 Section 8-802 of the Code of Civil Procedure.

25 (Source: P.A. 98-122, eff. 1-1-14; 98-775, eff. 1-1-15; 99-519,
26 eff. 6-30-16.)

1 (410 ILCS 130/115)

2 (Section scheduled to be repealed on July 1, 2020)

3 Sec. 115. Registration of dispensing organizations.

4 (a) The Department of Financial and Professional
5 Regulation may issue up to 60 dispensing organization
6 registrations for operation. The Department of Financial and
7 Professional Regulation may not issue less than the 60
8 registrations if there are qualified applicants who have
9 applied with the Department of Financial and Professional
10 Regulation. The organizations shall be geographically
11 dispersed throughout the State to allow all registered
12 qualifying patients reasonable proximity and access to a
13 dispensing organization.

14 (b) A dispensing organization may only operate if it has
15 been issued a registration from the Department of Financial and
16 Professional Regulation. The Department of Financial and
17 Professional Regulation shall adopt rules establishing the
18 procedures for applicants for dispensing organizations.

19 (c) When applying for a dispensing organization
20 registration, the applicant shall submit, at a minimum, the
21 following in accordance with Department of Financial and
22 Professional Regulation rules:

23 (1) a non-refundable application fee established by
24 rule;

25 (2) the proposed legal name of the dispensing

1 organization;

2 (3) the proposed physical address of the dispensing
3 organization;

4 (4) the name, address, and date of birth of each
5 principal officer and board member of the dispensing
6 organization, provided that all those individuals shall be
7 at least 21 years of age;

8 (5) information, in writing, regarding any instances
9 in which a business or not-for-profit that any of the
10 prospective board members managed or served on the board
11 was convicted, fined, censured, or had a registration
12 suspended or revoked in any administrative or judicial
13 proceeding;

14 (6) proposed operating by-laws that include procedures
15 for the oversight of the medical cannabis dispensing
16 organization and procedures to ensure accurate record
17 keeping and security measures that are in accordance with
18 the rules applied by the Department of Financial and
19 Professional Regulation under this Act. The by-laws shall
20 include a description of the enclosed, locked facility
21 where medical cannabis will be stored by the dispensing
22 organization; and

23 (7) signed statements from each dispensing
24 organization agent stating that they will not divert
25 medical cannabis.

26 (d) The Department of Financial and Professional

1 Regulation shall conduct a background check of the prospective
2 dispensing organization agents in order to carry out this
3 Section. The Department of State Police shall charge a fee for
4 conducting the criminal history record check, which shall be
5 deposited in the State Police Services Fund and shall not
6 exceed the actual cost of the record check. Each person
7 applying as a dispensing organization agent shall submit a full
8 set of fingerprints to the Department of State Police for the
9 purpose of obtaining a State and federal criminal records
10 check. These fingerprints shall be checked against the
11 fingerprint records now and hereafter, to the extent allowed by
12 law, filed in the Department of State Police and Federal Bureau
13 of Investigation criminal history records databases. The
14 Department of State Police shall furnish, following positive
15 identification, all Illinois conviction information to the
16 Department of Financial and Professional Regulation.

17 (e) A dispensing organization must pay a registration fee
18 set by the Department of Financial and Professional Regulation.

19 (f) An application for a medical cannabis dispensing
20 organization registration must be denied if any of the
21 following conditions are met:

22 (1) the applicant failed to submit the materials
23 required by this Section, including if the applicant's
24 plans do not satisfy the security, oversight, or
25 recordkeeping rules issued by the Department of Financial
26 and Professional Regulation;

1 (2) the applicant would not be in compliance with local
2 zoning rules issued in accordance with Section 140;

3 (3) the applicant does not meet the requirements of
4 Section 130;

5 (4) one or more of the prospective principal officers
6 or board members has been convicted of an excluded offense;

7 (5) one or more of the prospective principal officers
8 or board members has served as a principal officer or board
9 member for a registered medical cannabis dispensing
10 organization that has had its registration revoked;

11 (6) one or more of the principal officers or board
12 members is under 21 years of age; and

13 (7) one or more of the principal officers or board
14 members is a registered qualified patient or a registered
15 caregiver.

16 (g) On and after the effective date of this amendatory Act
17 of 100th General Assembly, a medical cannabis dispensing
18 organization may receive an adult use retailer registration and
19 operate for up to one year before the issuance of a
20 registration to a new cannabis establishment under the Cannabis
21 Regulation and Taxation Act.

22 (Source: P.A. 98-122, eff. 1-1-14; 98-1172, eff. 1-12-15.)

23 Section 1015. The Illinois Noxious Weed Law is amended by
24 changing Section 2 as follows:

1 (505 ILCS 100/2) (from Ch. 5, par. 952)

2 Sec. 2. As used in this Act:

3 (1) "Person" means any individual, partnership, firm,
4 corporation, company, society, association, the State or any
5 department, agency, or subdivision thereof, or any other
6 entity.

7 (2) "Control", "controlled" or "controlling" includes
8 being in charge of or being in possession, whether as owner,
9 lessee, renter, or tenant, under statutory authority, or
10 otherwise.

11 (3) "Director" means the Director of the Department of
12 Agriculture of the State of Illinois, or his or her duly
13 appointed representative.

14 (4) "Department" means the Department of Agriculture of the
15 State of Illinois.

16 (5) "Noxious weed" means any plant which is determined by
17 the Director, the Dean of the College of Agricultural, Consumer
18 and Environmental Sciences of the University of Illinois and
19 the Director of the Agricultural Experiment Station at the
20 University of Illinois, to be injurious to public health,
21 crops, livestock, land or other property. "Noxious weed" does
22 not include industrial hemp as defined and authorized under the
23 Industrial Hemp Law.

24 (6) "Control Authority" means the governing body of each
25 county, and shall represent all rural areas and cities,
26 villages and townships within the county boundaries.

1 (7) "Applicable fund" means the fund current at the time
2 the work is performed or the money is received.

3 (Source: P.A. 99-539, eff. 7-8-16.)

4 Section 1020. The Illinois Vehicle Code is amended by
5 changing Section 11-502 as follows:

6 (625 ILCS 5/11-502) (from Ch. 95 1/2, par. 11-502)

7 Sec. 11-502. Transportation or possession of alcoholic
8 liquor in a motor vehicle; smoking cannabis in a motor vehicle
9 prohibited; exception.

10 (a) Except as provided in paragraph (c), no driver may
11 transport, carry, possess or have any alcoholic liquor within
12 the passenger area of any motor vehicle upon a highway in this
13 State except in the original container and with the seal
14 unbroken.

15 (b) Except as provided in paragraph (c), no passenger may
16 carry, possess or have any alcoholic liquor within any
17 passenger area of any motor vehicle upon a highway in this
18 State except in the original container and with the seal
19 unbroken. Except as provided in paragraph (c), no person may
20 smoke cannabis in a motor vehicle upon a highway in this State.

21 (c) This Section shall not apply to the passengers in a
22 limousine when it is being used for purposes for which a
23 limousine is ordinarily used, the passengers on a chartered bus
24 when it is being used for purposes for which chartered buses

1 are ordinarily used or on a motor home or mini motor home as
2 defined in Section 1-145.01 of this Code. However, the driver
3 of any such vehicle is prohibited from consuming or having any
4 alcoholic liquor in or about the driver's area. Any evidence of
5 alcoholic consumption by the driver shall be prima facie
6 evidence of such driver's failure to obey this Section. For the
7 purposes of this Section, a limousine is a motor vehicle of the
8 first division with the passenger compartment enclosed by a
9 partition or dividing window used in the for-hire
10 transportation of passengers and operated by an individual in
11 possession of a valid Illinois driver's license of the
12 appropriate classification pursuant to Section 6-104 of this
13 Code. This Section does not apply to the passengers in a
14 limousine when it is being used for purposes for which a
15 limousine is ordinarily used, the passengers on a chartered bus
16 when it is being used for purposes for which chartered buses
17 are ordinarily used, or on a motor home or mini motor home as
18 defined in Section 1-145.01 of this Code. However, the driver
19 of any of these vehicles is prohibited from smoking cannabis in
20 or about the driver's area and provided further that there is a
21 divider between the driver and passengers of the motor vehicle.

22 (d) (Blank).

23 (e) Any driver who is convicted of violating subsection (a)
24 of this Section for a second or subsequent time within one year
25 of a similar conviction shall be subject to suspension of
26 driving privileges as provided, in paragraph 23 of subsection

1 (a) of Section 6-206 of this Code.

2 (f) Any driver, who is less than 21 years of age at the
3 date of the offense and who is convicted of violating
4 subsection (a) of this Section or a similar provision of a
5 local ordinance, shall be subject to the loss of driving
6 privileges as provided in paragraph 13 of subsection (a) of
7 Section 6-205 of this Code and paragraph 33 of subsection (a)
8 of Section 6-206 of this Code.

9 (Source: P.A. 94-1047, eff. 1-1-07; 95-847, eff. 8-15-08.)

10 Section 1025. The Cannabis Control Act is amended by
11 changing Sections 3, 4, 8, 10, and 12 and adding Sections 3.5,
12 4.1, and 8.1 as follows:

13 (720 ILCS 550/3) (from Ch. 56 1/2, par. 703)

14 Sec. 3. As used in this Act, unless the context otherwise
15 requires:

16 (a) "Cannabis" includes marihuana, hashish and other
17 substances which are identified as including any parts of the
18 plant Cannabis Sativa, whether growing or not; the seeds
19 thereof, the resin extracted from any part of such plant; and
20 any compound, manufacture, salt, derivative, mixture, or
21 preparation of such plant, its seeds, or resin, including
22 tetrahydrocannabinol (THC) and all other cannabinol
23 derivatives, including its naturally occurring or
24 synthetically produced ingredients, whether produced directly

1 or indirectly by extraction, or independently by means of
2 chemical synthesis or by a combination of extraction and
3 chemical synthesis; but shall not include the mature stalks of
4 such plant, fiber produced from such stalks, oil or cake made
5 from the seeds of such plant, any other compound, manufacture,
6 salt, derivative, mixture, or preparation of such mature stalks
7 (except the resin extracted therefrom), fiber, oil or cake, or
8 the sterilized seed of such plant which is incapable of
9 germination. "Cannabis" does not include industrial hemp as
10 defined and authorized under the Industrial Hemp Law.

11 (b) "Casual delivery" means the delivery of not more than
12 10 grams of any substance containing cannabis without
13 consideration.

14 (c) "Department" means the Illinois Department of Human
15 Services (as successor to the Department of Alcoholism and
16 Substance Abuse) or its successor agency.

17 (d) "Deliver" or "delivery" means the actual, constructive
18 or attempted transfer of possession of cannabis, with or
19 without consideration, whether or not there is an agency
20 relationship.

21 (e) "Department of State Police" means the Department of
22 State Police of the State of Illinois or its successor agency.

23 (f) "Director" means the Director of the Department of
24 State Police or his designated agent.

25 (g) "Local authorities" means a duly organized State,
26 county, or municipal peace unit or police force.

1 (h) "Manufacture" means the production, preparation,
2 propagation, compounding, conversion or processing of
3 cannabis, either directly or indirectly, by extraction from
4 substances of natural origin, or independently by means of
5 chemical synthesis, or by a combination of extraction and
6 chemical synthesis, and includes any packaging or repackaging
7 of cannabis or labeling of its container, except that this term
8 does not include the preparation, compounding, packaging, or
9 labeling of cannabis as an incident to lawful research,
10 teaching, or chemical analysis and not for sale.

11 (i) "Person" means any individual, corporation, government
12 or governmental subdivision or agency, business trust, estate,
13 trust, partnership or association, or any other entity.

14 (j) "Produce" or "production" means planting, cultivating,
15 tending or harvesting.

16 (k) "State" includes the State of Illinois and any state,
17 district, commonwealth, territory, insular possession thereof,
18 and any area subject to the legal authority of the United
19 States of America.

20 (l) "Subsequent offense" means an offense under this Act,
21 the offender of which, prior to his conviction of the offense,
22 has at any time been convicted under this Act or under any laws
23 of the United States or of any state relating to cannabis, or
24 any controlled substance as defined in the Illinois Controlled
25 Substances Act.

26 (Source: P.A. 89-507, eff. 7-1-97.)

1 (720 ILCS 550/3.5 new)

2 Sec. 3.5. Applicability of Act. The possession,
3 cultivation, harvest, display, distribution, packaging,
4 processing, purchase, transportation, transfer, delivery,
5 sale, storage, and consumption of cannabis as provided for in
6 the Cannabis Regulation and Taxation Act is not a violation of
7 this Act.

8 (720 ILCS 550/4) (from Ch. 56 1/2, par. 704)

9 Sec. 4. It is unlawful for any person knowingly to possess
10 more than 28 grams of cannabis. Any person regardless of age
11 who violates this Section ~~section~~ with respect to:

12 (a) (blank); ~~not more than 10 grams of any substance~~
13 ~~containing cannabis is guilty of a civil law violation~~
14 ~~punishable by a minimum fine of \$100 and a maximum fine of~~
15 ~~\$200. The proceeds of the fine shall be payable to the~~
16 ~~clerk of the circuit court. Within 30 days after the~~
17 ~~deposit of the fine, the clerk shall distribute the~~
18 ~~proceeds of the fine as follows:~~

19 ~~(1) \$10 of the fine to the circuit clerk and \$10 of~~
20 ~~the fine to the law enforcement agency that issued the~~
21 ~~citation; the proceeds of each \$10 fine distributed to~~
22 ~~the circuit clerk and each \$10 fine distributed to the~~
23 ~~law enforcement agency that issued the citation for the~~
24 ~~violation shall be used to defer the cost of automatic~~

1 ~~expungements under paragraph (2.5) of subsection (a)~~
2 ~~of Section 5.2 of the Criminal Identification Act;~~

3 ~~(2) \$15 to the county to fund drug addiction~~
4 ~~services;~~

5 ~~(3) \$10 to the Office of the State's Attorneys~~
6 ~~Appellate Prosecutor for use in training programs;~~

7 ~~(4) \$10 to the State's Attorney; and~~

8 ~~(5) any remainder of the fine to the law~~
9 ~~enforcement agency that issued the citation for the~~
10 ~~violation.~~

11 ~~With respect to funds designated for the Department of~~
12 ~~State Police, the moneys shall be remitted by the circuit~~
13 ~~court clerk to the Department of State Police within one~~
14 ~~month after receipt for deposit into the State Police~~
15 ~~Operations Assistance Fund. With respect to funds~~
16 ~~designated for the Department of Natural Resources, the~~
17 ~~Department of Natural Resources shall deposit the moneys~~
18 ~~into the Conservation Police Operations Assistance Fund;~~

19 (b) more than 28 ~~10~~ grams if a resident of this State
20 or more than 14 grams of cannabis, if a non-resident of
21 this State but not more than 30 grams of any substance
22 containing cannabis is guilty of a Class B misdemeanor;

23 (b-1) more than 2 grams of concentrated cannabis but
24 not more than 30 grams of concentrated cannabis, if a
25 non-resident of this State, is guilty of a Class B
26 misdemeanor;

1 (c) more than 30 grams but not more than 100 grams of
2 any substance containing cannabis is guilty of a Class A
3 misdemeanor; provided, that if any offense under this
4 subsection (c) is a subsequent offense, the offender shall
5 be guilty of a Class 4 felony;

6 (d) more than 100 grams but not more than 500 grams of
7 any substance containing cannabis is guilty of a Class 4
8 felony; provided that if any offense under this subsection
9 (d) is a subsequent offense, the offender shall be guilty
10 of a Class 3 felony;

11 (e) more than 500 grams but not more than 2,000 grams
12 of any substance containing cannabis is guilty of a Class 3
13 felony;

14 (f) more than 2,000 grams but not more than 5,000 grams
15 of any substance containing cannabis is guilty of a Class 2
16 felony;

17 (g) more than 5,000 grams of any substance containing
18 cannabis is guilty of a Class 1 felony.

19 (Source: P.A. 99-697, eff. 7-29-16.)

20 (720 ILCS 550/4.1 new)

21 Sec. 4.1. Persons under 21 years of age. A person under 21
22 years of age in possession of 28 grams or less of cannabis is
23 guilty of a civil law violation charged by a Uniform Cannabis
24 Ticket and punishable by forfeiture of the cannabis and
25 completion not to exceed 4 hours of instruction in a drug

1 awareness program. The parents or legal guardian of any
2 offender under the age of 18 shall be notified of the offense
3 and of available drug awareness programs, which shall be
4 established by the Department of Public Health. The Department
5 of Public Health shall set fees for the program sufficient to
6 cover all costs of administering the program, which shall not
7 exceed \$300. If an offender fails within one year of the notice
8 of the offense and available programs to complete a drug
9 awareness program, the person is guilty of a regulatory offense
10 and shall pay a fine not to exceed \$300 or shall complete up to
11 40 hours of community service, or both.

12 (720 ILCS 550/8) (from Ch. 56 1/2, par. 708)

13 Sec. 8. It is unlawful for any person knowingly to produce
14 the cannabis sativa plant or to possess such plants unless
15 production or possession has been authorized under ~~pursuant to~~
16 ~~the provisions of~~ Section 11 or 15.2 of the Act or under the
17 Cannabis Regulation and Taxation Act. Any person who violates
18 this Section with respect to production or possession of:

19 (a) (Blank). ~~Not more than 5 plants is guilty of a Class A~~
20 ~~misdemeanor.~~

21 (b) More than 5, but not more than 20 plants, is guilty of
22 a Class 4 felony.

23 (c) More than 20, but not more than 50 plants, is guilty of
24 a Class 3 felony.

25 (d) More than 50, but not more than 200 plants, is guilty

1 of a Class 2 felony for which a fine not to exceed \$100,000 may
2 be imposed and for which liability for the cost of conducting
3 the investigation and eradicating such plants may be assessed.
4 Compensation for expenses incurred in the enforcement of this
5 provision shall be transmitted to and deposited in the
6 treasurer's office at the level of government represented by
7 the Illinois law enforcement agency whose officers or employees
8 conducted the investigation or caused the arrest or arrests
9 leading to the prosecution, to be subsequently made available
10 to that law enforcement agency as expendable receipts for use
11 in the enforcement of laws regulating controlled substances and
12 cannabis. If such seizure was made by a combination of law
13 enforcement personnel representing different levels of
14 government, the court levying the assessment shall determine
15 the allocation of such assessment. The proceeds of assessment
16 awarded to the State treasury shall be deposited in a special
17 fund known as the Drug Traffic Prevention Fund.

18 (e) More than 200 plants is guilty of a Class 1 felony for
19 which a fine not to exceed \$100,000 may be imposed and for
20 which liability for the cost of conducting the investigation
21 and eradicating such plants may be assessed. Compensation for
22 expenses incurred in the enforcement of this provision shall be
23 transmitted to and deposited in the treasurer's office at the
24 level of government represented by the Illinois law enforcement
25 agency whose officers or employees conducted the investigation
26 or caused the arrest or arrests leading to the prosecution, to

1 be subsequently made available to that law enforcement agency
2 as expendable receipts for use in the enforcement of laws
3 regulating controlled substances and cannabis. If such seizure
4 was made by a combination of law enforcement personnel
5 representing different levels of government, the court levying
6 the assessment shall determine the allocation of such
7 assessment. The proceeds of assessment awarded to the State
8 treasury shall be deposited in a special fund known as the Drug
9 Traffic Prevention Fund.

10 (Source: P.A. 98-1072, eff. 1-1-15.)

11 (720 ILCS 550/8.1 new)

12 Sec. 8.1. Persons under 21 years of age; production or
13 possession of cannabis sativa plant. A person under 21 years of
14 age who produces or possesses not more than 5 cannabis sativa
15 plants is guilty of a civil law violation charged by a Uniform
16 Cannabis Ticket and punishable by forfeiture of the cannabis
17 and completion not to exceed 4 hours of instruction in a drug
18 awareness program. The parents or legal guardian of any
19 offender under the age of 18 shall be notified of the offense
20 and of available drug awareness programs, which shall be
21 established by the Department of Public Health. The Department
22 of Public Health shall set fees for the program sufficient to
23 cover all costs of administering the program, which shall not
24 exceed \$300. If an offender fails within one year of the notice
25 of the offense and available programs to complete a drug

1 awareness program, the person is guilty of a regulatory offense
2 and shall pay a fine not to exceed \$300 or shall complete up to
3 40 hours of community service, or both.

4 (720 ILCS 550/10) (from Ch. 56 1/2, par. 710)

5 Sec. 10. (a) Whenever any person who has not previously
6 been convicted of, or placed on probation or court supervision
7 for, any offense under this Act or any law of the United States
8 or of any State relating to cannabis, or controlled substances
9 as defined in the Illinois Controlled Substances Act, pleads
10 guilty to or is found guilty of violating Sections ~~4(a)~~, 4(b),
11 4(c), 5(a), 5(b), 5(c) or 8 of this Act, the court may, without
12 entering a judgment and with the consent of such person,
13 sentence him to probation.

14 (b) When a person is placed on probation, the court shall
15 enter an order specifying a period of probation of 24 months,
16 and shall defer further proceedings in the case until the
17 conclusion of the period or until the filing of a petition
18 alleging violation of a term or condition of probation.

19 (c) The conditions of probation shall be that the person:
20 (1) not violate any criminal statute of any jurisdiction; (2)
21 refrain from possession of a firearm or other dangerous weapon;
22 (3) submit to periodic drug testing at a time and in a manner
23 as ordered by the court, but no less than 3 times during the
24 period of the probation, with the cost of the testing to be
25 paid by the probationer; and (4) perform no less than 30 hours

1 of community service, provided community service is available
2 in the jurisdiction and is funded and approved by the county
3 board.

4 (d) The court may, in addition to other conditions, require
5 that the person:

6 (1) make a report to and appear in person before or
7 participate with the court or such courts, person, or
8 social service agency as directed by the court in the order
9 of probation;

10 (2) pay a fine and costs;

11 (3) work or pursue a course of study or vocational
12 training;

13 (4) undergo medical or psychiatric treatment; or
14 treatment for drug addiction or alcoholism;

15 (5) attend or reside in a facility established for the
16 instruction or residence of defendants on probation;

17 (6) support his dependents;

18 (7) refrain from possessing a firearm or other
19 dangerous weapon;

20 (7-5) refrain from having in his or her body the
21 presence of any illicit drug prohibited by the Cannabis
22 Control Act, the Illinois Controlled Substances Act, or the
23 Methamphetamine Control and Community Protection Act,
24 unless prescribed by a physician, and submit samples of his
25 or her blood or urine or both for tests to determine the
26 presence of any illicit drug;

1 (8) and in addition, if a minor:
2 (i) reside with his parents or in a foster home;
3 (ii) attend school;
4 (iii) attend a non-residential program for youth;
5 (iv) contribute to his own support at home or in a
6 foster home.

7 (e) Upon violation of a term or condition of probation, the
8 court may enter a judgment on its original finding of guilt and
9 proceed as otherwise provided.

10 (f) Upon fulfillment of the terms and conditions of
11 probation, the court shall discharge such person and dismiss
12 the proceedings against him.

13 (g) A disposition of probation is considered to be a
14 conviction for the purposes of imposing the conditions of
15 probation and for appeal, however, discharge and dismissal
16 under this Section is not a conviction for purposes of
17 disqualification or disabilities imposed by law upon
18 conviction of a crime (including the additional penalty imposed
19 for subsequent offenses under Section 4(c), 4(d), 5(c) or 5(d)
20 of this Act).

21 (h) Discharge and dismissal under this Section, Section 410
22 of the Illinois Controlled Substances Act, Section 70 of the
23 Methamphetamine Control and Community Protection Act, Section
24 5-6-3.3 or 5-6-3.4 of the Unified Code of Corrections, or
25 subsection (c) of Section 11-14 of the Criminal Code of 1961 or
26 the Criminal Code of 2012 may occur only once with respect to

1 any person.

2 (i) If a person is convicted of an offense under this Act,
3 the Illinois Controlled Substances Act, or the Methamphetamine
4 Control and Community Protection Act within 5 years subsequent
5 to a discharge and dismissal under this Section, the discharge
6 and dismissal under this Section shall be admissible in the
7 sentencing proceeding for that conviction as a factor in
8 aggravation.

9 (j) Notwithstanding subsection (a), before a person is
10 sentenced to probation under this Section, the court may refer
11 the person to the drug court established in that judicial
12 circuit pursuant to Section 15 of the Drug Court Treatment Act.
13 The drug court team shall evaluate the person's likelihood of
14 successfully completing a sentence of probation under this
15 Section and shall report the results of its evaluation to the
16 court. If the drug court team finds that the person suffers
17 from a substance abuse problem that makes him or her
18 substantially unlikely to successfully complete a sentence of
19 probation under this Section, then the drug court shall set
20 forth its findings in the form of a written order, and the
21 person shall not be sentenced to probation under this Section,
22 but may be considered for the drug court program.

23 (Source: P.A. 98-164, eff. 1-1-14; 99-480, eff. 9-9-15.)

24 (720 ILCS 550/12) (from Ch. 56 1/2, par. 712)

25 Sec. 12. (a) The following are subject to forfeiture:

1 (1) all substances containing cannabis which have been
2 produced, manufactured, delivered, or possessed in
3 violation of this Act;

4 (2) all raw materials, products and equipment of any
5 kind which are produced, delivered, or possessed in
6 connection with any substance containing cannabis in
7 violation of this Act;

8 (3) all conveyances, including aircraft, vehicles or
9 vessels, which are used, or intended for use, to transport,
10 or in any manner to facilitate the transportation, sale,
11 receipt, possession, or concealment of property described
12 in paragraph (1) or (2) that constitutes a felony violation
13 of the Act, but:

14 (i) no conveyance used by any person as a common
15 carrier in the transaction of business as a common
16 carrier is subject to forfeiture under this Section
17 unless it appears that the owner or other person in
18 charge of the conveyance is a consenting party or privy
19 to a violation of this Act;

20 (ii) no conveyance is subject to forfeiture under
21 this Section by reason of any act or omission which the
22 owner proves to have been committed or omitted without
23 his knowledge or consent;

24 (iii) a forfeiture of a conveyance encumbered by a
25 bona fide security interest is subject to the interest
26 of the secured party if he neither had knowledge of nor

1 consented to the act or omission;

2 (4) all money, things of value, books, records, and
3 research products and materials including formulas,
4 microfilm, tapes, and data which are used, or intended for
5 use in a felony violation of this Act;

6 (5) everything of value furnished or intended to be
7 furnished by any person in exchange for a substance in
8 violation of this Act, all proceeds traceable to such an
9 exchange, and all moneys, negotiable instruments, and
10 securities used, or intended to be used, to commit or in
11 any manner to facilitate any felony violation of this Act;

12 (6) all real property, including any right, title, and
13 interest including, but not limited to, any leasehold
14 interest or the beneficial interest to a land trust, in the
15 whole of any lot or tract of land and any appurtenances or
16 improvements, that is used or intended to be used to
17 facilitate the manufacture, distribution, sale, receipt,
18 or concealment of property described in paragraph (1) or
19 (2) of this subsection (a) that constitutes a felony
20 violation of more than 2,000 grams of a substance
21 containing cannabis or that is the proceeds of any felony
22 violation of this Act.

23 (b) Property subject to forfeiture under this Act may be
24 seized by the Director or any peace officer upon process or
25 seizure warrant issued by any court having jurisdiction over
26 the property. Seizure by the Director or any peace officer

1 without process may be made:

2 (1) if the property subject to seizure has been the
3 subject of a prior judgment in favor of the State in a
4 criminal proceeding or in an injunction or forfeiture
5 proceeding based upon this Act or the Drug Asset Forfeiture
6 Procedure Act;

7 (2) if there is probable cause to believe that the
8 property is directly or indirectly dangerous to health or
9 safety;

10 (3) if there is probable cause to believe that the
11 property is subject to forfeiture under this Act and the
12 property is seized under circumstances in which a
13 warrantless seizure or arrest would be reasonable; or

14 (4) in accordance with the Code of Criminal Procedure
15 of 1963.

16 (c) In the event of seizure pursuant to subsection (b),
17 notice shall be given forthwith to all known interest holders
18 that forfeiture proceedings, including a preliminary review,
19 shall be instituted in accordance with the Drug Asset
20 Forfeiture Procedure Act and such proceedings shall thereafter
21 be instituted in accordance with that Act. Upon a showing of
22 good cause, the notice required for a preliminary review under
23 this Section may be postponed.

24 (c-1) In the event the State's Attorney is of the opinion
25 that real property is subject to forfeiture under this Act,
26 forfeiture proceedings shall be instituted in accordance with

1 the Drug Asset Forfeiture Procedure Act. The exemptions from
2 forfeiture provisions of Section 8 of the Drug Asset Forfeiture
3 Procedure Act are applicable.

4 (d) Property taken or detained under this Section shall not
5 be subject to replevin, but is deemed to be in the custody of
6 the Director subject only to the order and judgments of the
7 circuit court having jurisdiction over the forfeiture
8 proceedings and the decisions of the State's Attorney under the
9 Drug Asset Forfeiture Procedure Act. When property is seized
10 under this Act, the seizing agency shall promptly conduct an
11 inventory of the seized property, estimate the property's
12 value, and shall forward a copy of the inventory of seized
13 property and the estimate of the property's value to the
14 Director. Upon receiving notice of seizure, the Director may:

15 (1) place the property under seal;

16 (2) remove the property to a place designated by him;

17 (3) keep the property in the possession of the seizing
18 agency;

19 (4) remove the property to a storage area for
20 safekeeping or, if the property is a negotiable instrument
21 or money and is not needed for evidentiary purposes,
22 deposit it in an interest bearing account;

23 (5) place the property under constructive seizure by
24 posting notice of pending forfeiture on it, by giving
25 notice of pending forfeiture to its owners and interest
26 holders, or by filing notice of pending forfeiture in any

1 appropriate public record relating to the property; or

2 (6) provide for another agency or custodian, including
3 an owner, secured party, or lienholder, to take custody of
4 the property upon the terms and conditions set by the
5 Director.

6 (e) No disposition may be made of property under seal until
7 the time for taking an appeal has elapsed or until all appeals
8 have been concluded unless a court, upon application therefor,
9 orders the sale of perishable substances and the deposit of the
10 proceeds of the sale with the court.

11 (f) When property is forfeited under this Act the Director
12 shall sell all such property unless such property is required
13 by law to be destroyed or is harmful to the public, and shall
14 distribute the proceeds of the sale, together with any moneys
15 forfeited or seized, in accordance with subsection (g).
16 However, upon the application of the seizing agency or
17 prosecutor who was responsible for the investigation, arrest or
18 arrests and prosecution which lead to the forfeiture, the
19 Director may return any item of forfeited property to the
20 seizing agency or prosecutor for official use in the
21 enforcement of laws relating to cannabis or controlled
22 substances, if the agency or prosecutor can demonstrate that
23 the item requested would be useful to the agency or prosecutor
24 in their enforcement efforts. When any forfeited conveyance,
25 including an aircraft, vehicle, or vessel, is returned to the
26 seizing agency or prosecutor, the conveyance may be used

1 immediately in the enforcement of the criminal laws of this
2 State. Upon disposal, all proceeds from the sale of the
3 conveyance must be used for drug enforcement purposes. When any
4 real property returned to the seizing agency is sold by the
5 agency or its unit of government, the proceeds of the sale
6 shall be delivered to the Director and distributed in
7 accordance with subsection (g).

8 (g) All monies and the sale proceeds of all other property
9 forfeited and seized under this Act shall be distributed as
10 follows:

11 (1)(i) 65% shall be distributed to the metropolitan
12 enforcement group, local, municipal, county, or state law
13 enforcement agency or agencies which conducted or
14 participated in the investigation resulting in the
15 forfeiture. The distribution shall bear a reasonable
16 relationship to the degree of direct participation of the
17 law enforcement agency in the effort resulting in the
18 forfeiture, taking into account the total value of the
19 property forfeited and the total law enforcement effort
20 with respect to the violation of the law upon which the
21 forfeiture is based. Amounts distributed to the agency or
22 agencies shall be used for the enforcement of laws
23 governing cannabis and controlled substances; for public
24 education in the community or schools in the prevention or
25 detection of the abuse of drugs or alcohol; or for security
26 cameras used for the prevention or detection of violence,

1 except that amounts distributed to the Secretary of State
2 shall be deposited into the Secretary of State Evidence
3 Fund to be used as provided in Section 2-115 of the
4 Illinois Vehicle Code.

5 (ii) Any local, municipal, or county law enforcement
6 agency entitled to receive a monetary distribution of
7 forfeiture proceeds may share those forfeiture proceeds
8 pursuant to the terms of an intergovernmental agreement
9 with a municipality that has a population in excess of
10 20,000 if:

11 (I) the receiving agency has entered into an
12 intergovernmental agreement with the municipality to
13 provide police services;

14 (II) the intergovernmental agreement for police
15 services provides for consideration in an amount of not
16 less than \$1,000,000 per year;

17 (III) the seizure took place within the
18 geographical limits of the municipality; and

19 (IV) the funds are used only for the enforcement of
20 laws governing cannabis and controlled substances; for
21 public education in the community or schools in the
22 prevention or detection of the abuse of drugs or
23 alcohol; or for security cameras used for the
24 prevention or detection of violence or the
25 establishment of a municipal police force, including
26 the training of officers, construction of a police

1 station, the purchase of law enforcement equipment, or
2 vehicles.

3 (2) (i) 12.5% shall be distributed to the Office of the
4 State's Attorney of the county in which the prosecution
5 resulting in the forfeiture was instituted, deposited in a
6 special fund in the county treasury and appropriated to the
7 State's Attorney for use in the enforcement of laws
8 governing cannabis and controlled substances; for public
9 education in the community or schools in the prevention or
10 detection of the abuse of drugs or alcohol; or at the
11 discretion of the State's Attorney, in addition to other
12 authorized purposes, to make grants to local substance
13 abuse treatment facilities and half-way houses. In
14 counties over 3,000,000 population, 25% will be
15 distributed to the Office of the State's Attorney for use
16 in the enforcement of laws governing cannabis and
17 controlled substances; for public education in the
18 community or schools in the prevention or detection of the
19 abuse of drugs or alcohol; or at the discretion of the
20 State's Attorney, in addition to other authorized
21 purposes, to make grants to local substance abuse treatment
22 facilities and half-way houses. If the prosecution is
23 undertaken solely by the Attorney General, the portion
24 provided hereunder shall be distributed to the Attorney
25 General for use in the enforcement of laws governing
26 cannabis and controlled substances.

1 (ii) 12.5% shall be distributed to the Office of the
2 State's Attorneys Appellate Prosecutor and deposited in
3 the Narcotics Profit Forfeiture Fund of that Office to be
4 used for additional expenses incurred in the
5 investigation, prosecution and appeal of cases arising
6 under laws governing cannabis and controlled substances or
7 for public education in the community or schools in the
8 prevention or detection of the abuse of drugs or alcohol.
9 The Office of the State's Attorneys Appellate Prosecutor
10 shall not receive distribution from cases brought in
11 counties with over 3,000,000 population.

12 (3) 10% shall be retained by the Department of State
13 Police for expenses related to the administration and sale
14 of seized and forfeited property.

15 (h) Items described in paragraphs (1) through (6) of
16 subsection (a) of this Section used, possessed, or derived from
17 activities that are in compliance with the Cannabis Regulation
18 and Taxation Act are not subject to forfeiture.

19 (Source: P.A. 99-686, eff. 7-29-16.)

20 Section 1030. The Drug Paraphernalia Control Act is amended
21 by changing Sections 2, 3.5, 4, and 6 as follows:

22 (720 ILCS 600/2) (from Ch. 56 1/2, par. 2102)

23 Sec. 2. As used in this Act, unless the context otherwise
24 requires:

1 (a) (Blank). ~~The term "cannabis" shall have the meaning~~
2 ~~ascribed to it in Section 3 of the Cannabis Control Act, as if~~
3 ~~that definition were incorporated herein.~~

4 (b) The term "controlled substance" shall have the meaning
5 ascribed to it in Section 102 of the Illinois Controlled
6 Substances Act, as if that definition were incorporated herein.

7 (c) "Deliver" or "delivery" means the actual, constructive
8 or attempted transfer of possession, with or without
9 consideration, whether or not there is an agency relationship.

10 (d) "Drug paraphernalia" means all equipment, products and
11 materials of any kind, other than methamphetamine
12 manufacturing materials as defined in Section 10 of the
13 Methamphetamine Control and Community Protection Act, which
14 are intended to be used unlawfully in planting, propagating,
15 cultivating, growing, harvesting, manufacturing, compounding,
16 converting, producing, processing, preparing, testing,
17 analyzing, packaging, repackaging, storing, containing,
18 concealing, injecting, ingesting, inhaling or otherwise
19 introducing into the human body ~~cannabis~~ or a controlled
20 substance in violation of ~~the Cannabis Control Act,~~ the
21 Illinois Controlled Substances Act, or the Methamphetamine
22 Control and Community Protection Act or a synthetic drug
23 product or misbranded drug in violation of the Illinois Food,
24 Drug and Cosmetic Act. It includes, but is not limited to:

25 (1) kits intended to be used unlawfully in
26 manufacturing, compounding, converting, producing,

1 processing or preparing ~~cannabis~~ or a controlled
2 substance;

3 (2) isomerization devices intended to be used
4 unlawfully in increasing the potency of any species of
5 plant which is ~~cannabis~~ or a controlled substance;

6 (3) testing equipment intended to be used unlawfully in
7 a private home for identifying or in analyzing the
8 strength, effectiveness or purity of ~~cannabis~~ or
9 controlled substances;

10 (4) diluents and adulterants intended to be used
11 unlawfully for cutting ~~cannabis~~ or a controlled substance
12 by private persons;

13 (5) objects intended to be used unlawfully in
14 ingesting, inhaling, or otherwise introducing ~~cannabis,~~
15 ~~cocaine, hashish, hashish oil,~~ or a synthetic drug product
16 or misbranded drug in violation of the Illinois Food, Drug
17 and Cosmetic Act into the human body including, where
18 applicable, the following items:

19 (A) water pipes;

20 (B) carburetion tubes and devices;

21 (C) smoking and carburetion masks;

22 (D) miniature cocaine spoons and cocaine vials;

23 (E) carburetor pipes;

24 (F) electric pipes;

25 (G) air-driven pipes;

26 (H) chillums;

- 1 (I) bonges;
2 (J) ice pipes or chillers;
3 (6) any item whose purpose, as announced or described
4 by the seller, is for use in violation of this Act.

5 (Source: P.A. 97-872, eff. 7-31-12.)

6 (720 ILCS 600/3.5)

7 Sec. 3.5. Possession of drug paraphernalia.

8 (a) A person who knowingly possesses an item of drug
9 paraphernalia with the intent to use it in ingesting, inhaling,
10 or otherwise introducing ~~cannabis or~~ a controlled substance
11 into the human body, or in preparing ~~cannabis or~~ a controlled
12 substance for that use, is guilty of a Class A misdemeanor for
13 which the court shall impose a minimum fine of \$750 in addition
14 to any other penalty prescribed for a Class A misdemeanor. This
15 subsection (a) does not apply to a person who is legally
16 authorized to possess hypodermic syringes or needles under the
17 Hypodermic Syringes and Needles Act.

18 (b) In determining intent under subsection (a), the trier
19 of fact may take into consideration the proximity of the
20 ~~cannabis or~~ controlled substances to drug paraphernalia or the
21 presence of ~~cannabis or~~ a controlled substance on the drug
22 paraphernalia.

23 (c) (Blank). ~~If a person violates subsection (a) of Section~~
24 ~~4 of the Cannabis Control Act, the penalty for possession of~~
25 ~~any drug paraphernalia seized during the violation for that~~

1 ~~offense shall be a civil law violation punishable by a minimum~~
2 ~~fine of \$100 and a maximum fine of \$200. The proceeds of the~~
3 ~~fine shall be payable to the clerk of the circuit court. Within~~
4 ~~30 days after the deposit of the fine, the clerk shall~~
5 ~~distribute the proceeds of the fine as follows:~~

6 ~~(1) \$10 of the fine to the circuit clerk and \$10 of the~~
7 ~~fine to the law enforcement agency that issued the~~
8 ~~citation; the proceeds of each \$10 fine distributed to the~~
9 ~~circuit clerk and each \$10 fine distributed to the law~~
10 ~~enforcement agency that issued the citation for the~~
11 ~~violation shall be used to defer the cost of automatic~~
12 ~~expungements under paragraph (2.5) of subsection (a) of~~
13 ~~Section 5.2 of the Criminal Identification Act;~~

14 ~~(2) \$15 to the county to fund drug addiction services;~~

15 ~~(3) \$10 to the Office of the State's Attorneys~~
16 ~~Appellate Prosecutor for use in training programs;~~

17 ~~(4) \$10 to the State's Attorney; and~~

18 ~~(5) any remainder of the fine to the law enforcement~~
19 ~~agency that issued the citation for the violation.~~

20 ~~With respect to funds designated for the Department of~~
21 ~~State Police, the moneys shall be remitted by the circuit court~~
22 ~~clerk to the Department of State Police within one month after~~
23 ~~receipt for deposit into the State Police Operations Assistance~~
24 ~~Fund. With respect to funds designated for the Department of~~
25 ~~Natural Resources, the Department of Natural Resources shall~~
26 ~~deposit the moneys into the Conservation Police Operations~~

1 ~~Assistance Fund.~~

2 (Source: P.A. 99-697, eff. 7-29-16.)

3 (720 ILCS 600/4) (from Ch. 56 1/2, par. 2104)

4 Sec. 4. Exemptions. This Act does not apply to:

5 (a) Items used in the preparation, compounding,
6 packaging, labeling, or other use of ~~cannabis~~ or a
7 controlled substance as an incident to lawful research,
8 teaching, or chemical analysis and not for sale.

9 (b) Items historically and customarily used in
10 connection with the planting, propagating, cultivating,
11 growing, harvesting, manufacturing, compounding,
12 converting, producing, processing, preparing, testing,
13 analyzing, packaging, repackaging, storing, containing,
14 concealing, injecting, ingesting, or inhaling of tobacco
15 or any other lawful substance.

16 Items exempt under this subsection include, but are not
17 limited to, garden hoes, rakes, sickles, baggies, tobacco
18 pipes, and cigarette-rolling papers.

19 (c) Items listed in Section 2 of this Act which are
20 used for decorative purposes, when such items have been
21 rendered completely inoperable or incapable of being used
22 for any illicit purpose prohibited by this Act.

23 (d) A person who is legally authorized to possess
24 hypodermic syringes or needles under the Hypodermic
25 Syringes and Needles Act.

1 In determining whether or not a particular item is exempt under
2 this Section, the trier of fact should consider, in addition to
3 all other logically relevant factors, the following:

4 (1) the general, usual, customary, and historical use
5 to which the item involved has been put;

6 (2) expert evidence concerning the ordinary or
7 customary use of the item and the effect of any peculiarity
8 in the design or engineering of the device upon its
9 functioning;

10 (3) any written instructions accompanying the delivery
11 of the item concerning the purposes or uses to which the
12 item can or may be put;

13 (4) any oral instructions provided by the seller of the
14 item at the time and place of sale or commercial delivery;

15 (5) any national or local advertising concerning the
16 design, purpose or use of the item involved, and the entire
17 context in which such advertising occurs;

18 (6) the manner, place and circumstances in which the
19 item was displayed for sale, as well as any item or items
20 displayed for sale or otherwise exhibited upon the premises
21 where the sale was made;

22 (7) whether the owner or anyone in control of the
23 object is a legitimate supplier of like or related items to
24 the community, such as a licensed distributor or dealer of
25 tobacco products;

26 (8) the existence and scope of legitimate uses for the

1 object in the community.

2 (Source: P.A. 95-331, eff. 8-21-07.)

3 (720 ILCS 600/6) (from Ch. 56 1/2, par. 2106)

4 Sec. 6. This Act is intended to be used solely for the
5 suppression of the commercial traffic in and possession of
6 items that, within the context of the sale or offering for
7 sale, or possession, are clearly and beyond a reasonable doubt
8 intended for the illegal and unlawful use of ~~cannabis or~~
9 controlled substances. To this end all reasonable and
10 common-sense inferences shall be drawn in favor of the
11 legitimacy of any transaction or item.

12 (Source: P.A. 93-526, eff. 8-12-03.)

13 (725 ILCS 5/115-23 rep.)

14 Section 1035. The Code of Criminal Procedure of 1963 is
15 amended by repealing Section 115-23.

16 Section 1040. The Narcotics Profit Forfeiture Act is
17 amended by changing Section 3 as follows:

18 (725 ILCS 175/3) (from Ch. 56 1/2, par. 1653)

19 Sec. 3. Definitions.

20 (a) "Narcotics activity" means:

21 1. Any conduct punishable as a felony under the
22 Cannabis Control Act or the Illinois Controlled Substances

1 Act, or

2 2. Any conduct punishable, by imprisonment for more
3 than one year, as an offense against the law of the United
4 States or any State, concerning narcotics, controlled
5 substances, dangerous drugs, or any substance or things
6 scheduled or listed under the Cannabis Control Act, the
7 Illinois Controlled Substances Act, or the Methamphetamine
8 Control and Community Protection Act.

9 "Narcotics activity" does not include conduct that is
10 lawful under the Cannabis Regulation and Taxation Act.

11 (b) "Pattern of narcotics activity" means 2 or more acts of
12 narcotics activity of which at least 2 such acts were committed
13 within 5 years of each other. At least one of those acts of
14 narcotics activity must have been committed after the effective
15 date of this Act and at least one of such acts shall be or shall
16 have been punishable as a Class X, Class 1 or Class 2 felony.

17 (c) "Person" includes any individual or entity capable of
18 holding a legal or beneficial interest in property.

19 (d) "Enterprise" includes any individual, partnership,
20 corporation, association, or other entity, or group of
21 individuals associated in fact, although not a legal entity.

22 (Source: P.A. 94-556, eff. 9-11-05.)".