

HB0319



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB0319

by Rep. David McSweeney

SYNOPSIS AS INTRODUCED:

35 ILCS 5/201
35 ILCS 5/901

from Ch. 120, par. 2-201
from Ch. 120, par. 9-901

Amends the Illinois Income Tax Act. Reduces the income tax rate for corporations to 2.625% for taxable years beginning on or after January 1, 2019. Effective immediately.

LRB101 04004 HLH 49012 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Sections 201 and 901 as follows:

6 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

7 Sec. 201. Tax imposed.

8 (a) In general. A tax measured by net income is hereby
9 imposed on every individual, corporation, trust and estate for
10 each taxable year ending after July 31, 1969 on the privilege
11 of earning or receiving income in or as a resident of this
12 State. Such tax shall be in addition to all other occupation or
13 privilege taxes imposed by this State or by any municipal
14 corporation or political subdivision thereof.

15 (b) Rates. The tax imposed by subsection (a) of this
16 Section shall be determined as follows, except as adjusted by
17 subsection (d-1):

18 (1) In the case of an individual, trust or estate, for
19 taxable years ending prior to July 1, 1989, an amount equal
20 to 2 1/2% of the taxpayer's net income for the taxable
21 year.

22 (2) In the case of an individual, trust or estate, for
23 taxable years beginning prior to July 1, 1989 and ending

1 after June 30, 1989, an amount equal to the sum of (i) 2
2 1/2% of the taxpayer's net income for the period prior to
3 July 1, 1989, as calculated under Section 202.3, and (ii)
4 3% of the taxpayer's net income for the period after June
5 30, 1989, as calculated under Section 202.3.

6 (3) In the case of an individual, trust or estate, for
7 taxable years beginning after June 30, 1989, and ending
8 prior to January 1, 2011, an amount equal to 3% of the
9 taxpayer's net income for the taxable year.

10 (4) In the case of an individual, trust, or estate, for
11 taxable years beginning prior to January 1, 2011, and
12 ending after December 31, 2010, an amount equal to the sum
13 of (i) 3% of the taxpayer's net income for the period prior
14 to January 1, 2011, as calculated under Section 202.5, and
15 (ii) 5% of the taxpayer's net income for the period after
16 December 31, 2010, as calculated under Section 202.5.

17 (5) In the case of an individual, trust, or estate, for
18 taxable years beginning on or after January 1, 2011, and
19 ending prior to January 1, 2015, an amount equal to 5% of
20 the taxpayer's net income for the taxable year.

21 (5.1) In the case of an individual, trust, or estate,
22 for taxable years beginning prior to January 1, 2015, and
23 ending after December 31, 2014, an amount equal to the sum
24 of (i) 5% of the taxpayer's net income for the period prior
25 to January 1, 2015, as calculated under Section 202.5, and
26 (ii) 3.75% of the taxpayer's net income for the period

1 after December 31, 2014, as calculated under Section 202.5.

2 (5.2) In the case of an individual, trust, or estate,
3 for taxable years beginning on or after January 1, 2015,
4 and ending prior to July 1, 2017, an amount equal to 3.75%
5 of the taxpayer's net income for the taxable year.

6 (5.3) In the case of an individual, trust, or estate,
7 for taxable years beginning prior to July 1, 2017, and
8 ending after June 30, 2017, an amount equal to the sum of
9 (i) 3.75% of the taxpayer's net income for the period prior
10 to July 1, 2017, as calculated under Section 202.5, and
11 (ii) 4.95% of the taxpayer's net income for the period
12 after June 30, 2017, as calculated under Section 202.5.

13 (5.4) In the case of an individual, trust, or estate,
14 for taxable years beginning on or after July 1, 2017, an
15 amount equal to 4.95% of the taxpayer's net income for the
16 taxable year.

17 (6) In the case of a corporation, for taxable years
18 ending prior to July 1, 1989, an amount equal to 4% of the
19 taxpayer's net income for the taxable year.

20 (7) In the case of a corporation, for taxable years
21 beginning prior to July 1, 1989 and ending after June 30,
22 1989, an amount equal to the sum of (i) 4% of the
23 taxpayer's net income for the period prior to July 1, 1989,
24 as calculated under Section 202.3, and (ii) 4.8% of the
25 taxpayer's net income for the period after June 30, 1989,
26 as calculated under Section 202.3.

1 (8) In the case of a corporation, for taxable years
2 beginning after June 30, 1989, and ending prior to January
3 1, 2011, an amount equal to 4.8% of the taxpayer's net
4 income for the taxable year.

5 (9) In the case of a corporation, for taxable years
6 beginning prior to January 1, 2011, and ending after
7 December 31, 2010, an amount equal to the sum of (i) 4.8%
8 of the taxpayer's net income for the period prior to
9 January 1, 2011, as calculated under Section 202.5, and
10 (ii) 7% of the taxpayer's net income for the period after
11 December 31, 2010, as calculated under Section 202.5.

12 (10) In the case of a corporation, for taxable years
13 beginning on or after January 1, 2011, and ending prior to
14 January 1, 2015, an amount equal to 7% of the taxpayer's
15 net income for the taxable year.

16 (11) In the case of a corporation, for taxable years
17 beginning prior to January 1, 2015, and ending after
18 December 31, 2014, an amount equal to the sum of (i) 7% of
19 the taxpayer's net income for the period prior to January
20 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
21 of the taxpayer's net income for the period after December
22 31, 2014, as calculated under Section 202.5.

23 (12) In the case of a corporation, for taxable years
24 beginning on or after January 1, 2015, and ending prior to
25 July 1, 2017, an amount equal to 5.25% of the taxpayer's
26 net income for the taxable year.

1 (13) In the case of a corporation, for taxable years
2 beginning prior to July 1, 2017, and ending after June 30,
3 2017, an amount equal to the sum of (i) 5.25% of the
4 taxpayer's net income for the period prior to July 1, 2017,
5 as calculated under Section 202.5, and (ii) 7% of the
6 taxpayer's net income for the period after June 30, 2017,
7 as calculated under Section 202.5.

8 (14) In the case of a corporation, for taxable years
9 beginning on or after July 1, 2017 and ending prior to
10 January 1, 2019, an amount equal to 7% of the taxpayer's
11 net income for the taxable year.

12 (15) In the case of a corporation, for taxable years
13 beginning prior to January 1, 2019, and ending after
14 December 31, 2018, an amount equal to the sum of (i) 7% of
15 the taxpayer's net income for the period prior to January
16 1, 2019, as calculated under Section 202.5, and (ii) 2.625%
17 of the taxpayer's net income for the period after December
18 31, 2018, as calculated under Section 202.5.

19 (16) In the case of a corporation, for taxable years
20 beginning on or after January 1, 2019, an amount equal to
21 2.625% of the taxpayer's net income for the taxable year.

22 The rates under this subsection (b) are subject to the
23 provisions of Section 201.5.

24 (c) Personal Property Tax Replacement Income Tax.
25 Beginning on July 1, 1979 and thereafter, in addition to such
26 income tax, there is also hereby imposed the Personal Property

1 Tax Replacement Income Tax measured by net income on every
2 corporation (including Subchapter S corporations), partnership
3 and trust, for each taxable year ending after June 30, 1979.
4 Such taxes are imposed on the privilege of earning or receiving
5 income in or as a resident of this State. The Personal Property
6 Tax Replacement Income Tax shall be in addition to the income
7 tax imposed by subsections (a) and (b) of this Section and in
8 addition to all other occupation or privilege taxes imposed by
9 this State or by any municipal corporation or political
10 subdivision thereof.

11 (d) Additional Personal Property Tax Replacement Income
12 Tax Rates. The personal property tax replacement income tax
13 imposed by this subsection and subsection (c) of this Section
14 in the case of a corporation, other than a Subchapter S
15 corporation and except as adjusted by subsection (d-1), shall
16 be an additional amount equal to 2.85% of such taxpayer's net
17 income for the taxable year, except that beginning on January
18 1, 1981, and thereafter, the rate of 2.85% specified in this
19 subsection shall be reduced to 2.5%, and in the case of a
20 partnership, trust or a Subchapter S corporation shall be an
21 additional amount equal to 1.5% of such taxpayer's net income
22 for the taxable year.

23 (d-1) Rate reduction for certain foreign insurers. In the
24 case of a foreign insurer, as defined by Section 35A-5 of the
25 Illinois Insurance Code, whose state or country of domicile
26 imposes on insurers domiciled in Illinois a retaliatory tax

1 (excluding any insurer whose premiums from reinsurance assumed
2 are 50% or more of its total insurance premiums as determined
3 under paragraph (2) of subsection (b) of Section 304, except
4 that for purposes of this determination premiums from
5 reinsurance do not include premiums from inter-affiliate
6 reinsurance arrangements), beginning with taxable years ending
7 on or after December 31, 1999, the sum of the rates of tax
8 imposed by subsections (b) and (d) shall be reduced (but not
9 increased) to the rate at which the total amount of tax imposed
10 under this Act, net of all credits allowed under this Act,
11 shall equal (i) the total amount of tax that would be imposed
12 on the foreign insurer's net income allocable to Illinois for
13 the taxable year by such foreign insurer's state or country of
14 domicile if that net income were subject to all income taxes
15 and taxes measured by net income imposed by such foreign
16 insurer's state or country of domicile, net of all credits
17 allowed or (ii) a rate of zero if no such tax is imposed on such
18 income by the foreign insurer's state of domicile. For the
19 purposes of this subsection (d-1), an inter-affiliate includes
20 a mutual insurer under common management.

21 (1) For the purposes of subsection (d-1), in no event
22 shall the sum of the rates of tax imposed by subsections
23 (b) and (d) be reduced below the rate at which the sum of:

24 (A) the total amount of tax imposed on such foreign
25 insurer under this Act for a taxable year, net of all
26 credits allowed under this Act, plus

1 (B) the privilege tax imposed by Section 409 of the
2 Illinois Insurance Code, the fire insurance company
3 tax imposed by Section 12 of the Fire Investigation
4 Act, and the fire department taxes imposed under
5 Section 11-10-1 of the Illinois Municipal Code,
6 equals 1.25% for taxable years ending prior to December 31,
7 2003, or 1.75% for taxable years ending on or after
8 December 31, 2003, of the net taxable premiums written for
9 the taxable year, as described by subsection (1) of Section
10 409 of the Illinois Insurance Code. This paragraph will in
11 no event increase the rates imposed under subsections (b)
12 and (d).

13 (2) Any reduction in the rates of tax imposed by this
14 subsection shall be applied first against the rates imposed
15 by subsection (b) and only after the tax imposed by
16 subsection (a) net of all credits allowed under this
17 Section other than the credit allowed under subsection (i)
18 has been reduced to zero, against the rates imposed by
19 subsection (d).

20 This subsection (d-1) is exempt from the provisions of
21 Section 250.

22 (e) Investment credit. A taxpayer shall be allowed a credit
23 against the Personal Property Tax Replacement Income Tax for
24 investment in qualified property.

25 (1) A taxpayer shall be allowed a credit equal to .5%
26 of the basis of qualified property placed in service during

1 the taxable year, provided such property is placed in
2 service on or after July 1, 1984. There shall be allowed an
3 additional credit equal to .5% of the basis of qualified
4 property placed in service during the taxable year,
5 provided such property is placed in service on or after
6 July 1, 1986, and the taxpayer's base employment within
7 Illinois has increased by 1% or more over the preceding
8 year as determined by the taxpayer's employment records
9 filed with the Illinois Department of Employment Security.
10 Taxpayers who are new to Illinois shall be deemed to have
11 met the 1% growth in base employment for the first year in
12 which they file employment records with the Illinois
13 Department of Employment Security. The provisions added to
14 this Section by Public Act 85-1200 (and restored by Public
15 Act 87-895) shall be construed as declaratory of existing
16 law and not as a new enactment. If, in any year, the
17 increase in base employment within Illinois over the
18 preceding year is less than 1%, the additional credit shall
19 be limited to that percentage times a fraction, the
20 numerator of which is .5% and the denominator of which is
21 1%, but shall not exceed .5%. The investment credit shall
22 not be allowed to the extent that it would reduce a
23 taxpayer's liability in any tax year below zero, nor may
24 any credit for qualified property be allowed for any year
25 other than the year in which the property was placed in
26 service in Illinois. For tax years ending on or after

1 December 31, 1987, and on or before December 31, 1988, the
2 credit shall be allowed for the tax year in which the
3 property is placed in service, or, if the amount of the
4 credit exceeds the tax liability for that year, whether it
5 exceeds the original liability or the liability as later
6 amended, such excess may be carried forward and applied to
7 the tax liability of the 5 taxable years following the
8 excess credit years if the taxpayer (i) makes investments
9 which cause the creation of a minimum of 2,000 full-time
10 equivalent jobs in Illinois, (ii) is located in an
11 enterprise zone established pursuant to the Illinois
12 Enterprise Zone Act and (iii) is certified by the
13 Department of Commerce and Community Affairs (now
14 Department of Commerce and Economic Opportunity) as
15 complying with the requirements specified in clause (i) and
16 (ii) by July 1, 1986. The Department of Commerce and
17 Community Affairs (now Department of Commerce and Economic
18 Opportunity) shall notify the Department of Revenue of all
19 such certifications immediately. For tax years ending
20 after December 31, 1988, the credit shall be allowed for
21 the tax year in which the property is placed in service,
22 or, if the amount of the credit exceeds the tax liability
23 for that year, whether it exceeds the original liability or
24 the liability as later amended, such excess may be carried
25 forward and applied to the tax liability of the 5 taxable
26 years following the excess credit years. The credit shall

1 be applied to the earliest year for which there is a
2 liability. If there is credit from more than one tax year
3 that is available to offset a liability, earlier credit
4 shall be applied first.

5 (2) The term "qualified property" means property
6 which:

7 (A) is tangible, whether new or used, including
8 buildings and structural components of buildings and
9 signs that are real property, but not including land or
10 improvements to real property that are not a structural
11 component of a building such as landscaping, sewer
12 lines, local access roads, fencing, parking lots, and
13 other appurtenances;

14 (B) is depreciable pursuant to Section 167 of the
15 Internal Revenue Code, except that "3-year property"
16 as defined in Section 168(c)(2)(A) of that Code is not
17 eligible for the credit provided by this subsection
18 (e);

19 (C) is acquired by purchase as defined in Section
20 179(d) of the Internal Revenue Code;

21 (D) is used in Illinois by a taxpayer who is
22 primarily engaged in manufacturing, or in mining coal
23 or fluorite, or in retailing, or was placed in service
24 on or after July 1, 2006 in a River Edge Redevelopment
25 Zone established pursuant to the River Edge
26 Redevelopment Zone Act; and

1 (E) has not previously been used in Illinois in
2 such a manner and by such a person as would qualify for
3 the credit provided by this subsection (e) or
4 subsection (f).

5 (3) For purposes of this subsection (e),
6 "manufacturing" means the material staging and production
7 of tangible personal property by procedures commonly
8 regarded as manufacturing, processing, fabrication, or
9 assembling which changes some existing material into new
10 shapes, new qualities, or new combinations. For purposes of
11 this subsection (e) the term "mining" shall have the same
12 meaning as the term "mining" in Section 613(c) of the
13 Internal Revenue Code. For purposes of this subsection (e),
14 the term "retailing" means the sale of tangible personal
15 property for use or consumption and not for resale, or
16 services rendered in conjunction with the sale of tangible
17 personal property for use or consumption and not for
18 resale. For purposes of this subsection (e), "tangible
19 personal property" has the same meaning as when that term
20 is used in the Retailers' Occupation Tax Act, and, for
21 taxable years ending after December 31, 2008, does not
22 include the generation, transmission, or distribution of
23 electricity.

24 (4) The basis of qualified property shall be the basis
25 used to compute the depreciation deduction for federal
26 income tax purposes.

1 (5) If the basis of the property for federal income tax
2 depreciation purposes is increased after it has been placed
3 in service in Illinois by the taxpayer, the amount of such
4 increase shall be deemed property placed in service on the
5 date of such increase in basis.

6 (6) The term "placed in service" shall have the same
7 meaning as under Section 46 of the Internal Revenue Code.

8 (7) If during any taxable year, any property ceases to
9 be qualified property in the hands of the taxpayer within
10 48 months after being placed in service, or the situs of
11 any qualified property is moved outside Illinois within 48
12 months after being placed in service, the Personal Property
13 Tax Replacement Income Tax for such taxable year shall be
14 increased. Such increase shall be determined by (i)
15 recomputing the investment credit which would have been
16 allowed for the year in which credit for such property was
17 originally allowed by eliminating such property from such
18 computation and, (ii) subtracting such recomputed credit
19 from the amount of credit previously allowed. For the
20 purposes of this paragraph (7), a reduction of the basis of
21 qualified property resulting from a redetermination of the
22 purchase price shall be deemed a disposition of qualified
23 property to the extent of such reduction.

24 (8) Unless the investment credit is extended by law,
25 the basis of qualified property shall not include costs
26 incurred after December 31, 2018, except for costs incurred

1 pursuant to a binding contract entered into on or before
2 December 31, 2018.

3 (9) Each taxable year ending before December 31, 2000,
4 a partnership may elect to pass through to its partners the
5 credits to which the partnership is entitled under this
6 subsection (e) for the taxable year. A partner may use the
7 credit allocated to him or her under this paragraph only
8 against the tax imposed in subsections (c) and (d) of this
9 Section. If the partnership makes that election, those
10 credits shall be allocated among the partners in the
11 partnership in accordance with the rules set forth in
12 Section 704(b) of the Internal Revenue Code, and the rules
13 promulgated under that Section, and the allocated amount of
14 the credits shall be allowed to the partners for that
15 taxable year. The partnership shall make this election on
16 its Personal Property Tax Replacement Income Tax return for
17 that taxable year. The election to pass through the credits
18 shall be irrevocable.

19 For taxable years ending on or after December 31, 2000,
20 a partner that qualifies its partnership for a subtraction
21 under subparagraph (I) of paragraph (2) of subsection (d)
22 of Section 203 or a shareholder that qualifies a Subchapter
23 S corporation for a subtraction under subparagraph (S) of
24 paragraph (2) of subsection (b) of Section 203 shall be
25 allowed a credit under this subsection (e) equal to its
26 share of the credit earned under this subsection (e) during

1 the taxable year by the partnership or Subchapter S
2 corporation, determined in accordance with the
3 determination of income and distributive share of income
4 under Sections 702 and 704 and Subchapter S of the Internal
5 Revenue Code. This paragraph is exempt from the provisions
6 of Section 250.

7 (f) Investment credit; Enterprise Zone; River Edge
8 Redevelopment Zone.

9 (1) A taxpayer shall be allowed a credit against the
10 tax imposed by subsections (a) and (b) of this Section for
11 investment in qualified property which is placed in service
12 in an Enterprise Zone created pursuant to the Illinois
13 Enterprise Zone Act or, for property placed in service on
14 or after July 1, 2006, a River Edge Redevelopment Zone
15 established pursuant to the River Edge Redevelopment Zone
16 Act. For partners, shareholders of Subchapter S
17 corporations, and owners of limited liability companies,
18 if the liability company is treated as a partnership for
19 purposes of federal and State income taxation, there shall
20 be allowed a credit under this subsection (f) to be
21 determined in accordance with the determination of income
22 and distributive share of income under Sections 702 and 704
23 and Subchapter S of the Internal Revenue Code. The credit
24 shall be .5% of the basis for such property. The credit
25 shall be available only in the taxable year in which the
26 property is placed in service in the Enterprise Zone or

1 River Edge Redevelopment Zone and shall not be allowed to
2 the extent that it would reduce a taxpayer's liability for
3 the tax imposed by subsections (a) and (b) of this Section
4 to below zero. For tax years ending on or after December
5 31, 1985, the credit shall be allowed for the tax year in
6 which the property is placed in service, or, if the amount
7 of the credit exceeds the tax liability for that year,
8 whether it exceeds the original liability or the liability
9 as later amended, such excess may be carried forward and
10 applied to the tax liability of the 5 taxable years
11 following the excess credit year. The credit shall be
12 applied to the earliest year for which there is a
13 liability. If there is credit from more than one tax year
14 that is available to offset a liability, the credit
15 accruing first in time shall be applied first.

16 (2) The term qualified property means property which:

17 (A) is tangible, whether new or used, including
18 buildings and structural components of buildings;

19 (B) is depreciable pursuant to Section 167 of the
20 Internal Revenue Code, except that "3-year property"
21 as defined in Section 168(c)(2)(A) of that Code is not
22 eligible for the credit provided by this subsection
23 (f);

24 (C) is acquired by purchase as defined in Section
25 179(d) of the Internal Revenue Code;

26 (D) is used in the Enterprise Zone or River Edge

1 Redevelopment Zone by the taxpayer; and

2 (E) has not been previously used in Illinois in
3 such a manner and by such a person as would qualify for
4 the credit provided by this subsection (f) or
5 subsection (e).

6 (3) The basis of qualified property shall be the basis
7 used to compute the depreciation deduction for federal
8 income tax purposes.

9 (4) If the basis of the property for federal income tax
10 depreciation purposes is increased after it has been placed
11 in service in the Enterprise Zone or River Edge
12 Redevelopment Zone by the taxpayer, the amount of such
13 increase shall be deemed property placed in service on the
14 date of such increase in basis.

15 (5) The term "placed in service" shall have the same
16 meaning as under Section 46 of the Internal Revenue Code.

17 (6) If during any taxable year, any property ceases to
18 be qualified property in the hands of the taxpayer within
19 48 months after being placed in service, or the situs of
20 any qualified property is moved outside the Enterprise Zone
21 or River Edge Redevelopment Zone within 48 months after
22 being placed in service, the tax imposed under subsections
23 (a) and (b) of this Section for such taxable year shall be
24 increased. Such increase shall be determined by (i)
25 recomputing the investment credit which would have been
26 allowed for the year in which credit for such property was

1 originally allowed by eliminating such property from such
2 computation, and (ii) subtracting such recomputed credit
3 from the amount of credit previously allowed. For the
4 purposes of this paragraph (6), a reduction of the basis of
5 qualified property resulting from a redetermination of the
6 purchase price shall be deemed a disposition of qualified
7 property to the extent of such reduction.

8 (7) There shall be allowed an additional credit equal
9 to 0.5% of the basis of qualified property placed in
10 service during the taxable year in a River Edge
11 Redevelopment Zone, provided such property is placed in
12 service on or after July 1, 2006, and the taxpayer's base
13 employment within Illinois has increased by 1% or more over
14 the preceding year as determined by the taxpayer's
15 employment records filed with the Illinois Department of
16 Employment Security. Taxpayers who are new to Illinois
17 shall be deemed to have met the 1% growth in base
18 employment for the first year in which they file employment
19 records with the Illinois Department of Employment
20 Security. If, in any year, the increase in base employment
21 within Illinois over the preceding year is less than 1%,
22 the additional credit shall be limited to that percentage
23 times a fraction, the numerator of which is 0.5% and the
24 denominator of which is 1%, but shall not exceed 0.5%.

25 (g) (Blank).

26 (h) Investment credit; High Impact Business.

1 (1) Subject to subsections (b) and (b-5) of Section 5.5
2 of the Illinois Enterprise Zone Act, a taxpayer shall be
3 allowed a credit against the tax imposed by subsections (a)
4 and (b) of this Section for investment in qualified
5 property which is placed in service by a Department of
6 Commerce and Economic Opportunity designated High Impact
7 Business. The credit shall be .5% of the basis for such
8 property. The credit shall not be available (i) until the
9 minimum investments in qualified property set forth in
10 subdivision (a)(3)(A) of Section 5.5 of the Illinois
11 Enterprise Zone Act have been satisfied or (ii) until the
12 time authorized in subsection (b-5) of the Illinois
13 Enterprise Zone Act for entities designated as High Impact
14 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
15 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
16 Act, and shall not be allowed to the extent that it would
17 reduce a taxpayer's liability for the tax imposed by
18 subsections (a) and (b) of this Section to below zero. The
19 credit applicable to such investments shall be taken in the
20 taxable year in which such investments have been completed.
21 The credit for additional investments beyond the minimum
22 investment by a designated high impact business authorized
23 under subdivision (a)(3)(A) of Section 5.5 of the Illinois
24 Enterprise Zone Act shall be available only in the taxable
25 year in which the property is placed in service and shall
26 not be allowed to the extent that it would reduce a

1 taxpayer's liability for the tax imposed by subsections (a)
2 and (b) of this Section to below zero. For tax years ending
3 on or after December 31, 1987, the credit shall be allowed
4 for the tax year in which the property is placed in
5 service, or, if the amount of the credit exceeds the tax
6 liability for that year, whether it exceeds the original
7 liability or the liability as later amended, such excess
8 may be carried forward and applied to the tax liability of
9 the 5 taxable years following the excess credit year. The
10 credit shall be applied to the earliest year for which
11 there is a liability. If there is credit from more than one
12 tax year that is available to offset a liability, the
13 credit accruing first in time shall be applied first.

14 Changes made in this subdivision (h) (1) by Public Act
15 88-670 restore changes made by Public Act 85-1182 and
16 reflect existing law.

17 (2) The term qualified property means property which:

18 (A) is tangible, whether new or used, including
19 buildings and structural components of buildings;

20 (B) is depreciable pursuant to Section 167 of the
21 Internal Revenue Code, except that "3-year property"
22 as defined in Section 168(c) (2) (A) of that Code is not
23 eligible for the credit provided by this subsection
24 (h);

25 (C) is acquired by purchase as defined in Section
26 179(d) of the Internal Revenue Code; and

1 (D) is not eligible for the Enterprise Zone
2 Investment Credit provided by subsection (f) of this
3 Section.

4 (3) The basis of qualified property shall be the basis
5 used to compute the depreciation deduction for federal
6 income tax purposes.

7 (4) If the basis of the property for federal income tax
8 depreciation purposes is increased after it has been placed
9 in service in a federally designated Foreign Trade Zone or
10 Sub-Zone located in Illinois by the taxpayer, the amount of
11 such increase shall be deemed property placed in service on
12 the date of such increase in basis.

13 (5) The term "placed in service" shall have the same
14 meaning as under Section 46 of the Internal Revenue Code.

15 (6) If during any taxable year ending on or before
16 December 31, 1996, any property ceases to be qualified
17 property in the hands of the taxpayer within 48 months
18 after being placed in service, or the situs of any
19 qualified property is moved outside Illinois within 48
20 months after being placed in service, the tax imposed under
21 subsections (a) and (b) of this Section for such taxable
22 year shall be increased. Such increase shall be determined
23 by (i) recomputing the investment credit which would have
24 been allowed for the year in which credit for such property
25 was originally allowed by eliminating such property from
26 such computation, and (ii) subtracting such recomputed

1 credit from the amount of credit previously allowed. For
2 the purposes of this paragraph (6), a reduction of the
3 basis of qualified property resulting from a
4 redetermination of the purchase price shall be deemed a
5 disposition of qualified property to the extent of such
6 reduction.

7 (7) Beginning with tax years ending after December 31,
8 1996, if a taxpayer qualifies for the credit under this
9 subsection (h) and thereby is granted a tax abatement and
10 the taxpayer relocates its entire facility in violation of
11 the explicit terms and length of the contract under Section
12 18-183 of the Property Tax Code, the tax imposed under
13 subsections (a) and (b) of this Section shall be increased
14 for the taxable year in which the taxpayer relocated its
15 facility by an amount equal to the amount of credit
16 received by the taxpayer under this subsection (h).

17 (i) Credit for Personal Property Tax Replacement Income
18 Tax. For tax years ending prior to December 31, 2003, a credit
19 shall be allowed against the tax imposed by subsections (a) and
20 (b) of this Section for the tax imposed by subsections (c) and
21 (d) of this Section. This credit shall be computed by
22 multiplying the tax imposed by subsections (c) and (d) of this
23 Section by a fraction, the numerator of which is base income
24 allocable to Illinois and the denominator of which is Illinois
25 base income, and further multiplying the product by the tax
26 rate imposed by subsections (a) and (b) of this Section.

1 Any credit earned on or after December 31, 1986 under this
2 subsection which is unused in the year the credit is computed
3 because it exceeds the tax liability imposed by subsections (a)
4 and (b) for that year (whether it exceeds the original
5 liability or the liability as later amended) may be carried
6 forward and applied to the tax liability imposed by subsections
7 (a) and (b) of the 5 taxable years following the excess credit
8 year, provided that no credit may be carried forward to any
9 year ending on or after December 31, 2003. This credit shall be
10 applied first to the earliest year for which there is a
11 liability. If there is a credit under this subsection from more
12 than one tax year that is available to offset a liability the
13 earliest credit arising under this subsection shall be applied
14 first.

15 If, during any taxable year ending on or after December 31,
16 1986, the tax imposed by subsections (c) and (d) of this
17 Section for which a taxpayer has claimed a credit under this
18 subsection (i) is reduced, the amount of credit for such tax
19 shall also be reduced. Such reduction shall be determined by
20 recomputing the credit to take into account the reduced tax
21 imposed by subsections (c) and (d). If any portion of the
22 reduced amount of credit has been carried to a different
23 taxable year, an amended return shall be filed for such taxable
24 year to reduce the amount of credit claimed.

25 (j) Training expense credit. Beginning with tax years
26 ending on or after December 31, 1986 and prior to December 31,

1 2003, a taxpayer shall be allowed a credit against the tax
2 imposed by subsections (a) and (b) under this Section for all
3 amounts paid or accrued, on behalf of all persons employed by
4 the taxpayer in Illinois or Illinois residents employed outside
5 of Illinois by a taxpayer, for educational or vocational
6 training in semi-technical or technical fields or semi-skilled
7 or skilled fields, which were deducted from gross income in the
8 computation of taxable income. The credit against the tax
9 imposed by subsections (a) and (b) shall be 1.6% of such
10 training expenses. For partners, shareholders of subchapter S
11 corporations, and owners of limited liability companies, if the
12 liability company is treated as a partnership for purposes of
13 federal and State income taxation, there shall be allowed a
14 credit under this subsection (j) to be determined in accordance
15 with the determination of income and distributive share of
16 income under Sections 702 and 704 and subchapter S of the
17 Internal Revenue Code.

18 Any credit allowed under this subsection which is unused in
19 the year the credit is earned may be carried forward to each of
20 the 5 taxable years following the year for which the credit is
21 first computed until it is used. This credit shall be applied
22 first to the earliest year for which there is a liability. If
23 there is a credit under this subsection from more than one tax
24 year that is available to offset a liability the earliest
25 credit arising under this subsection shall be applied first. No
26 carryforward credit may be claimed in any tax year ending on or

1 after December 31, 2003.

2 (k) Research and development credit. For tax years ending
3 after July 1, 1990 and prior to December 31, 2003, and
4 beginning again for tax years ending on or after December 31,
5 2004, and ending prior to January 1, 2022, a taxpayer shall be
6 allowed a credit against the tax imposed by subsections (a) and
7 (b) of this Section for increasing research activities in this
8 State. The credit allowed against the tax imposed by
9 subsections (a) and (b) shall be equal to 6 1/2% of the
10 qualifying expenditures for increasing research activities in
11 this State. For partners, shareholders of subchapter S
12 corporations, and owners of limited liability companies, if the
13 liability company is treated as a partnership for purposes of
14 federal and State income taxation, there shall be allowed a
15 credit under this subsection to be determined in accordance
16 with the determination of income and distributive share of
17 income under Sections 702 and 704 and subchapter S of the
18 Internal Revenue Code.

19 For purposes of this subsection, "qualifying expenditures"
20 means the qualifying expenditures as defined for the federal
21 credit for increasing research activities which would be
22 allowable under Section 41 of the Internal Revenue Code and
23 which are conducted in this State, "qualifying expenditures for
24 increasing research activities in this State" means the excess
25 of qualifying expenditures for the taxable year in which
26 incurred over qualifying expenditures for the base period,

1 "qualifying expenditures for the base period" means the average
2 of the qualifying expenditures for each year in the base
3 period, and "base period" means the 3 taxable years immediately
4 preceding the taxable year for which the determination is being
5 made.

6 Any credit in excess of the tax liability for the taxable
7 year may be carried forward. A taxpayer may elect to have the
8 unused credit shown on its final completed return carried over
9 as a credit against the tax liability for the following 5
10 taxable years or until it has been fully used, whichever occurs
11 first; provided that no credit earned in a tax year ending
12 prior to December 31, 2003 may be carried forward to any year
13 ending on or after December 31, 2003.

14 If an unused credit is carried forward to a given year from
15 2 or more earlier years, that credit arising in the earliest
16 year will be applied first against the tax liability for the
17 given year. If a tax liability for the given year still
18 remains, the credit from the next earliest year will then be
19 applied, and so on, until all credits have been used or no tax
20 liability for the given year remains. Any remaining unused
21 credit or credits then will be carried forward to the next
22 following year in which a tax liability is incurred, except
23 that no credit can be carried forward to a year which is more
24 than 5 years after the year in which the expense for which the
25 credit is given was incurred.

26 No inference shall be drawn from this amendatory Act of the

1 91st General Assembly in construing this Section for taxable
2 years beginning before January 1, 1999.

3 It is the intent of the General Assembly that the research
4 and development credit under this subsection (k) shall apply
5 continuously for all tax years ending on or after December 31,
6 2004 and ending prior to January 1, 2022, including, but not
7 limited to, the period beginning on January 1, 2016 and ending
8 on the effective date of this amendatory Act of the 100th
9 General Assembly. All actions taken in reliance on the
10 continuation of the credit under this subsection (k) by any
11 taxpayer are hereby validated.

12 (1) Environmental Remediation Tax Credit.

13 (i) For tax years ending after December 31, 1997 and on
14 or before December 31, 2001, a taxpayer shall be allowed a
15 credit against the tax imposed by subsections (a) and (b)
16 of this Section for certain amounts paid for unreimbursed
17 eligible remediation costs, as specified in this
18 subsection. For purposes of this Section, "unreimbursed
19 eligible remediation costs" means costs approved by the
20 Illinois Environmental Protection Agency ("Agency") under
21 Section 58.14 of the Environmental Protection Act that were
22 paid in performing environmental remediation at a site for
23 which a No Further Remediation Letter was issued by the
24 Agency and recorded under Section 58.10 of the
25 Environmental Protection Act. The credit must be claimed
26 for the taxable year in which Agency approval of the

1 eligible remediation costs is granted. The credit is not
2 available to any taxpayer if the taxpayer or any related
3 party caused or contributed to, in any material respect, a
4 release of regulated substances on, in, or under the site
5 that was identified and addressed by the remedial action
6 pursuant to the Site Remediation Program of the
7 Environmental Protection Act. After the Pollution Control
8 Board rules are adopted pursuant to the Illinois
9 Administrative Procedure Act for the administration and
10 enforcement of Section 58.9 of the Environmental
11 Protection Act, determinations as to credit availability
12 for purposes of this Section shall be made consistent with
13 those rules. For purposes of this Section, "taxpayer"
14 includes a person whose tax attributes the taxpayer has
15 succeeded to under Section 381 of the Internal Revenue Code
16 and "related party" includes the persons disallowed a
17 deduction for losses by paragraphs (b), (c), and (f)(1) of
18 Section 267 of the Internal Revenue Code by virtue of being
19 a related taxpayer, as well as any of its partners. The
20 credit allowed against the tax imposed by subsections (a)
21 and (b) shall be equal to 25% of the unreimbursed eligible
22 remediation costs in excess of \$100,000 per site, except
23 that the \$100,000 threshold shall not apply to any site
24 contained in an enterprise zone as determined by the
25 Department of Commerce and Community Affairs (now
26 Department of Commerce and Economic Opportunity). The

1 total credit allowed shall not exceed \$40,000 per year with
2 a maximum total of \$150,000 per site. For partners and
3 shareholders of subchapter S corporations, there shall be
4 allowed a credit under this subsection to be determined in
5 accordance with the determination of income and
6 distributive share of income under Sections 702 and 704 and
7 subchapter S of the Internal Revenue Code.

8 (ii) A credit allowed under this subsection that is
9 unused in the year the credit is earned may be carried
10 forward to each of the 5 taxable years following the year
11 for which the credit is first earned until it is used. The
12 term "unused credit" does not include any amounts of
13 unreimbursed eligible remediation costs in excess of the
14 maximum credit per site authorized under paragraph (i).
15 This credit shall be applied first to the earliest year for
16 which there is a liability. If there is a credit under this
17 subsection from more than one tax year that is available to
18 offset a liability, the earliest credit arising under this
19 subsection shall be applied first. A credit allowed under
20 this subsection may be sold to a buyer as part of a sale of
21 all or part of the remediation site for which the credit
22 was granted. The purchaser of a remediation site and the
23 tax credit shall succeed to the unused credit and remaining
24 carry-forward period of the seller. To perfect the
25 transfer, the assignor shall record the transfer in the
26 chain of title for the site and provide written notice to

1 the Director of the Illinois Department of Revenue of the
2 assignor's intent to sell the remediation site and the
3 amount of the tax credit to be transferred as a portion of
4 the sale. In no event may a credit be transferred to any
5 taxpayer if the taxpayer or a related party would not be
6 eligible under the provisions of subsection (i).

7 (iii) For purposes of this Section, the term "site"
8 shall have the same meaning as under Section 58.2 of the
9 Environmental Protection Act.

10 (m) Education expense credit. Beginning with tax years
11 ending after December 31, 1999, a taxpayer who is the custodian
12 of one or more qualifying pupils shall be allowed a credit
13 against the tax imposed by subsections (a) and (b) of this
14 Section for qualified education expenses incurred on behalf of
15 the qualifying pupils. The credit shall be equal to 25% of
16 qualified education expenses, but in no event may the total
17 credit under this subsection claimed by a family that is the
18 custodian of qualifying pupils exceed (i) \$500 for tax years
19 ending prior to December 31, 2017, and (ii) \$750 for tax years
20 ending on or after December 31, 2017. In no event shall a
21 credit under this subsection reduce the taxpayer's liability
22 under this Act to less than zero. Notwithstanding any other
23 provision of law, for taxable years beginning on or after
24 January 1, 2017, no taxpayer may claim a credit under this
25 subsection (m) if the taxpayer's adjusted gross income for the
26 taxable year exceeds (i) \$500,000, in the case of spouses

1 filing a joint federal tax return or (ii) \$250,000, in the case
2 of all other taxpayers. This subsection is exempt from the
3 provisions of Section 250 of this Act.

4 For purposes of this subsection:

5 "Qualifying pupils" means individuals who (i) are
6 residents of the State of Illinois, (ii) are under the age of
7 21 at the close of the school year for which a credit is
8 sought, and (iii) during the school year for which a credit is
9 sought were full-time pupils enrolled in a kindergarten through
10 twelfth grade education program at any school, as defined in
11 this subsection.

12 "Qualified education expense" means the amount incurred on
13 behalf of a qualifying pupil in excess of \$250 for tuition,
14 book fees, and lab fees at the school in which the pupil is
15 enrolled during the regular school year.

16 "School" means any public or nonpublic elementary or
17 secondary school in Illinois that is in compliance with Title
18 VI of the Civil Rights Act of 1964 and attendance at which
19 satisfies the requirements of Section 26-1 of the School Code,
20 except that nothing shall be construed to require a child to
21 attend any particular public or nonpublic school to qualify for
22 the credit under this Section.

23 "Custodian" means, with respect to qualifying pupils, an
24 Illinois resident who is a parent, the parents, a legal
25 guardian, or the legal guardians of the qualifying pupils.

26 (n) River Edge Redevelopment Zone site remediation tax

1 credit.

2 (i) For tax years ending on or after December 31, 2006,
3 a taxpayer shall be allowed a credit against the tax
4 imposed by subsections (a) and (b) of this Section for
5 certain amounts paid for unreimbursed eligible remediation
6 costs, as specified in this subsection. For purposes of
7 this Section, "unreimbursed eligible remediation costs"
8 means costs approved by the Illinois Environmental
9 Protection Agency ("Agency") under Section 58.14a of the
10 Environmental Protection Act that were paid in performing
11 environmental remediation at a site within a River Edge
12 Redevelopment Zone for which a No Further Remediation
13 Letter was issued by the Agency and recorded under Section
14 58.10 of the Environmental Protection Act. The credit must
15 be claimed for the taxable year in which Agency approval of
16 the eligible remediation costs is granted. The credit is
17 not available to any taxpayer if the taxpayer or any
18 related party caused or contributed to, in any material
19 respect, a release of regulated substances on, in, or under
20 the site that was identified and addressed by the remedial
21 action pursuant to the Site Remediation Program of the
22 Environmental Protection Act. Determinations as to credit
23 availability for purposes of this Section shall be made
24 consistent with rules adopted by the Pollution Control
25 Board pursuant to the Illinois Administrative Procedure
26 Act for the administration and enforcement of Section 58.9

1 of the Environmental Protection Act. For purposes of this
2 Section, "taxpayer" includes a person whose tax attributes
3 the taxpayer has succeeded to under Section 381 of the
4 Internal Revenue Code and "related party" includes the
5 persons disallowed a deduction for losses by paragraphs
6 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
7 Code by virtue of being a related taxpayer, as well as any
8 of its partners. The credit allowed against the tax imposed
9 by subsections (a) and (b) shall be equal to 25% of the
10 unreimbursed eligible remediation costs in excess of
11 \$100,000 per site.

12 (ii) A credit allowed under this subsection that is
13 unused in the year the credit is earned may be carried
14 forward to each of the 5 taxable years following the year
15 for which the credit is first earned until it is used. This
16 credit shall be applied first to the earliest year for
17 which there is a liability. If there is a credit under this
18 subsection from more than one tax year that is available to
19 offset a liability, the earliest credit arising under this
20 subsection shall be applied first. A credit allowed under
21 this subsection may be sold to a buyer as part of a sale of
22 all or part of the remediation site for which the credit
23 was granted. The purchaser of a remediation site and the
24 tax credit shall succeed to the unused credit and remaining
25 carry-forward period of the seller. To perfect the
26 transfer, the assignor shall record the transfer in the

1 chain of title for the site and provide written notice to
2 the Director of the Illinois Department of Revenue of the
3 assignor's intent to sell the remediation site and the
4 amount of the tax credit to be transferred as a portion of
5 the sale. In no event may a credit be transferred to any
6 taxpayer if the taxpayer or a related party would not be
7 eligible under the provisions of subsection (i).

8 (iii) For purposes of this Section, the term "site"
9 shall have the same meaning as under Section 58.2 of the
10 Environmental Protection Act.

11 (o) For each of taxable years during the Compassionate Use
12 of Medical Cannabis Pilot Program, a surcharge is imposed on
13 all taxpayers on income arising from the sale or exchange of
14 capital assets, depreciable business property, real property
15 used in the trade or business, and Section 197 intangibles of
16 an organization registrant under the Compassionate Use of
17 Medical Cannabis Pilot Program Act. The amount of the surcharge
18 is equal to the amount of federal income tax liability for the
19 taxable year attributable to those sales and exchanges. The
20 surcharge imposed does not apply if:

21 (1) the medical cannabis cultivation center
22 registration, medical cannabis dispensary registration, or
23 the property of a registration is transferred as a result
24 of any of the following:

25 (A) bankruptcy, a receivership, or a debt
26 adjustment initiated by or against the initial

1 registration or the substantial owners of the initial
2 registration;

3 (B) cancellation, revocation, or termination of
4 any registration by the Illinois Department of Public
5 Health;

6 (C) a determination by the Illinois Department of
7 Public Health that transfer of the registration is in
8 the best interests of Illinois qualifying patients as
9 defined by the Compassionate Use of Medical Cannabis
10 Pilot Program Act;

11 (D) the death of an owner of the equity interest in
12 a registrant;

13 (E) the acquisition of a controlling interest in
14 the stock or substantially all of the assets of a
15 publicly traded company;

16 (F) a transfer by a parent company to a wholly
17 owned subsidiary; or

18 (G) the transfer or sale to or by one person to
19 another person where both persons were initial owners
20 of the registration when the registration was issued;
21 or

22 (2) the cannabis cultivation center registration,
23 medical cannabis dispensary registration, or the
24 controlling interest in a registrant's property is
25 transferred in a transaction to lineal descendants in which
26 no gain or loss is recognized or as a result of a

1 transaction in accordance with Section 351 of the Internal
2 Revenue Code in which no gain or loss is recognized.

3 (Source: P.A. 100-22, eff. 7-6-17.)

4 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

5 Sec. 901. Collection authority.

6 (a) In general. The Department shall collect the taxes
7 imposed by this Act. The Department shall collect certified
8 past due child support amounts under Section 2505-650 of the
9 Department of Revenue Law of the Civil Administrative Code of
10 Illinois. Except as provided in subsections (b), (c), (e), (f),
11 (g), and (h) of this Section, money collected pursuant to
12 subsections (a) and (b) of Section 201 of this Act shall be
13 paid into the General Revenue Fund in the State treasury; money
14 collected pursuant to subsections (c) and (d) of Section 201 of
15 this Act shall be paid into the Personal Property Tax
16 Replacement Fund, a special fund in the State Treasury; and
17 money collected under Section 2505-650 of the Department of
18 Revenue Law of the Civil Administrative Code of Illinois shall
19 be paid into the Child Support Enforcement Trust Fund, a
20 special fund outside the State Treasury, or to the State
21 Disbursement Unit established under Section 10-26 of the
22 Illinois Public Aid Code, as directed by the Department of
23 Healthcare and Family Services.

24 (b) Local Government Distributive Fund. Beginning August
25 1, 1969, and continuing through June 30, 1994, the Treasurer

1 shall transfer each month from the General Revenue Fund to a
2 special fund in the State treasury, to be known as the "Local
3 Government Distributive Fund", an amount equal to 1/12 of the
4 net revenue realized from the tax imposed by subsections (a)
5 and (b) of Section 201 of this Act during the preceding month.
6 Beginning July 1, 1994, and continuing through June 30, 1995,
7 the Treasurer shall transfer each month from the General
8 Revenue Fund to the Local Government Distributive Fund an
9 amount equal to 1/11 of the net revenue realized from the tax
10 imposed by subsections (a) and (b) of Section 201 of this Act
11 during the preceding month. Beginning July 1, 1995 and
12 continuing through January 31, 2011, the Treasurer shall
13 transfer each month from the General Revenue Fund to the Local
14 Government Distributive Fund an amount equal to the net of (i)
15 1/10 of the net revenue realized from the tax imposed by
16 subsections (a) and (b) of Section 201 of the Illinois Income
17 Tax Act during the preceding month (ii) minus, beginning July
18 1, 2003 and ending June 30, 2004, \$6,666,666, and beginning
19 July 1, 2004, zero. Beginning February 1, 2011, and continuing
20 through January 31, 2015, the Treasurer shall transfer each
21 month from the General Revenue Fund to the Local Government
22 Distributive Fund an amount equal to the sum of (i) 6% (10% of
23 the ratio of the 3% individual income tax rate prior to 2011 to
24 the 5% individual income tax rate after 2010) of the net
25 revenue realized from the tax imposed by subsections (a) and
26 (b) of Section 201 of this Act upon individuals, trusts, and

1 estates during the preceding month and (ii) 6.86% (10% of the
2 ratio of the 4.8% corporate income tax rate prior to 2011 to
3 the 7% corporate income tax rate after 2010) of the net revenue
4 realized from the tax imposed by subsections (a) and (b) of
5 Section 201 of this Act upon corporations during the preceding
6 month. Beginning February 1, 2015 and continuing through July
7 31, 2017, the Treasurer shall transfer each month from the
8 General Revenue Fund to the Local Government Distributive Fund
9 an amount equal to the sum of (i) 8% (10% of the ratio of the 3%
10 individual income tax rate prior to 2011 to the 3.75%
11 individual income tax rate after 2014) of the net revenue
12 realized from the tax imposed by subsections (a) and (b) of
13 Section 201 of this Act upon individuals, trusts, and estates
14 during the preceding month and (ii) 9.14% (10% of the ratio of
15 the 4.8% corporate income tax rate prior to 2011 to the 5.25%
16 corporate income tax rate after 2014) of the net revenue
17 realized from the tax imposed by subsections (a) and (b) of
18 Section 201 of this Act upon corporations during the preceding
19 month. Beginning August 1, 2017 and continuing through January
20 31, 2019, the Treasurer shall transfer each month from the
21 General Revenue Fund to the Local Government Distributive Fund
22 an amount equal to the sum of (i) 6.06% (10% of the ratio of the
23 3% individual income tax rate prior to 2011 to the 4.95%
24 individual income tax rate after July 1, 2017) of the net
25 revenue realized from the tax imposed by subsections (a) and
26 (b) of Section 201 of this Act upon individuals, trusts, and

1 estates during the preceding month and (ii) 6.85% (10% of the
2 ratio of the 4.8% corporate income tax rate prior to 2011 to
3 the 7% corporate income tax rate after July 1, 2017) of the net
4 revenue realized from the tax imposed by subsections (a) and
5 (b) of Section 201 of this Act upon corporations during the
6 preceding month. Beginning February 1, 2019, the Treasurer
7 shall transfer each month from the General Revenue Fund to the
8 Local Government Distributive Fund an amount equal to the sum
9 of (i) 6.06% (10% of the ratio of the 3% individual income tax
10 rate prior to 2011 to the 4.95% individual income tax rate
11 after July 1, 2017) of the net revenue realized from the tax
12 imposed by subsections (a) and (b) of Section 201 of this Act
13 upon individuals, trusts, and estates during the preceding
14 month and (ii) 10% of the net revenue realized from the tax
15 imposed by subsections (a) and (b) of Section 201 of this Act
16 upon corporations during the preceding month. Net revenue
17 realized for a month shall be defined as the revenue from the
18 tax imposed by subsections (a) and (b) of Section 201 of this
19 Act which is deposited in the General Revenue Fund, the
20 Education Assistance Fund, the Income Tax Surcharge Local
21 Government Distributive Fund, the Fund for the Advancement of
22 Education, and the Commitment to Human Services Fund during the
23 month minus the amount paid out of the General Revenue Fund in
24 State warrants during that same month as refunds to taxpayers
25 for overpayment of liability under the tax imposed by
26 subsections (a) and (b) of Section 201 of this Act.

1 Notwithstanding any provision of law to the contrary,
2 beginning on July 6, 2017 (the effective date of Public Act
3 100-23), those amounts required under this subsection (b) to be
4 transferred by the Treasurer into the Local Government
5 Distributive Fund from the General Revenue Fund shall be
6 directly deposited into the Local Government Distributive Fund
7 as the revenue is realized from the tax imposed by subsections
8 (a) and (b) of Section 201 of this Act.

9 For State fiscal year 2018 only, notwithstanding any
10 provision of law to the contrary, the total amount of revenue
11 and deposits under this Section attributable to revenues
12 realized during State fiscal year 2018 shall be reduced by 10%.

13 For State fiscal year 2019 only, notwithstanding any
14 provision of law to the contrary, the total amount of revenue
15 and deposits under this Section attributable to revenues
16 realized during State fiscal year 2019 shall be reduced by 5%.

17 (c) Deposits Into Income Tax Refund Fund.

18 (1) Beginning on January 1, 1989 and thereafter, the
19 Department shall deposit a percentage of the amounts
20 collected pursuant to subsections (a) and (b) (1), (2), and
21 (3) of Section 201 of this Act into a fund in the State
22 treasury known as the Income Tax Refund Fund. The
23 Department shall deposit 6% of such amounts during the
24 period beginning January 1, 1989 and ending on June 30,
25 1989. Beginning with State fiscal year 1990 and for each
26 fiscal year thereafter, the percentage deposited into the

1 Income Tax Refund Fund during a fiscal year shall be the
2 Annual Percentage. For fiscal years 1999 through 2001, the
3 Annual Percentage shall be 7.1%. For fiscal year 2003, the
4 Annual Percentage shall be 8%. For fiscal year 2004, the
5 Annual Percentage shall be 11.7%. Upon the effective date
6 of Public Act 93-839 (July 30, 2004), the Annual Percentage
7 shall be 10% for fiscal year 2005. For fiscal year 2006,
8 the Annual Percentage shall be 9.75%. For fiscal year 2007,
9 the Annual Percentage shall be 9.75%. For fiscal year 2008,
10 the Annual Percentage shall be 7.75%. For fiscal year 2009,
11 the Annual Percentage shall be 9.75%. For fiscal year 2010,
12 the Annual Percentage shall be 9.75%. For fiscal year 2011,
13 the Annual Percentage shall be 8.75%. For fiscal year 2012,
14 the Annual Percentage shall be 8.75%. For fiscal year 2013,
15 the Annual Percentage shall be 9.75%. For fiscal year 2014,
16 the Annual Percentage shall be 9.5%. For fiscal year 2015,
17 the Annual Percentage shall be 10%. For fiscal year 2018,
18 the Annual Percentage shall be 9.8%. For fiscal year 2019,
19 the Annual Percentage shall be 9.7%. For all other fiscal
20 years, the Annual Percentage shall be calculated as a
21 fraction, the numerator of which shall be the amount of
22 refunds approved for payment by the Department during the
23 preceding fiscal year as a result of overpayment of tax
24 liability under subsections (a) and (b) (1), (2), and (3) of
25 Section 201 of this Act plus the amount of such refunds
26 remaining approved but unpaid at the end of the preceding

1 fiscal year, minus the amounts transferred into the Income
2 Tax Refund Fund from the Tobacco Settlement Recovery Fund,
3 and the denominator of which shall be the amounts which
4 will be collected pursuant to subsections (a) and (b) (1),
5 (2), and (3) of Section 201 of this Act during the
6 preceding fiscal year; except that in State fiscal year
7 2002, the Annual Percentage shall in no event exceed 7.6%.
8 The Director of Revenue shall certify the Annual Percentage
9 to the Comptroller on the last business day of the fiscal
10 year immediately preceding the fiscal year for which it is
11 to be effective.

12 (2) Beginning on January 1, 1989 and thereafter, the
13 Department shall deposit a percentage of the amounts
14 collected pursuant to subsections (a) and (b) (6), (7), and
15 (8), (c) and (d) of Section 201 of this Act into a fund in
16 the State treasury known as the Income Tax Refund Fund. The
17 Department shall deposit 18% of such amounts during the
18 period beginning January 1, 1989 and ending on June 30,
19 1989. Beginning with State fiscal year 1990 and for each
20 fiscal year thereafter, the percentage deposited into the
21 Income Tax Refund Fund during a fiscal year shall be the
22 Annual Percentage. For fiscal years 1999, 2000, and 2001,
23 the Annual Percentage shall be 19%. For fiscal year 2003,
24 the Annual Percentage shall be 27%. For fiscal year 2004,
25 the Annual Percentage shall be 32%. Upon the effective date
26 of Public Act 93-839 (July 30, 2004), the Annual Percentage

1 shall be 24% for fiscal year 2005. For fiscal year 2006,
2 the Annual Percentage shall be 20%. For fiscal year 2007,
3 the Annual Percentage shall be 17.5%. For fiscal year 2008,
4 the Annual Percentage shall be 15.5%. For fiscal year 2009,
5 the Annual Percentage shall be 17.5%. For fiscal year 2010,
6 the Annual Percentage shall be 17.5%. For fiscal year 2011,
7 the Annual Percentage shall be 17.5%. For fiscal year 2012,
8 the Annual Percentage shall be 17.5%. For fiscal year 2013,
9 the Annual Percentage shall be 14%. For fiscal year 2014,
10 the Annual Percentage shall be 13.4%. For fiscal year 2015,
11 the Annual Percentage shall be 14%. For fiscal year 2018,
12 the Annual Percentage shall be 17.5%. For fiscal year 2019,
13 the Annual Percentage shall be 15.5%. For all other fiscal
14 years, the Annual Percentage shall be calculated as a
15 fraction, the numerator of which shall be the amount of
16 refunds approved for payment by the Department during the
17 preceding fiscal year as a result of overpayment of tax
18 liability under subsections (a) and (b) (6), (7), and (8),
19 (c) and (d) of Section 201 of this Act plus the amount of
20 such refunds remaining approved but unpaid at the end of
21 the preceding fiscal year, and the denominator of which
22 shall be the amounts which will be collected pursuant to
23 subsections (a) and (b) (6), (7), and (8), (c) and (d) of
24 Section 201 of this Act during the preceding fiscal year;
25 except that in State fiscal year 2002, the Annual
26 Percentage shall in no event exceed 23%. The Director of

1 Revenue shall certify the Annual Percentage to the
2 Comptroller on the last business day of the fiscal year
3 immediately preceding the fiscal year for which it is to be
4 effective.

5 (3) The Comptroller shall order transferred and the
6 Treasurer shall transfer from the Tobacco Settlement
7 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
8 in January, 2001, (ii) \$35,000,000 in January, 2002, and
9 (iii) \$35,000,000 in January, 2003.

10 (d) Expenditures from Income Tax Refund Fund.

11 (1) Beginning January 1, 1989, money in the Income Tax
12 Refund Fund shall be expended exclusively for the purpose
13 of paying refunds resulting from overpayment of tax
14 liability under Section 201 of this Act and for making
15 transfers pursuant to this subsection (d).

16 (2) The Director shall order payment of refunds
17 resulting from overpayment of tax liability under Section
18 201 of this Act from the Income Tax Refund Fund only to the
19 extent that amounts collected pursuant to Section 201 of
20 this Act and transfers pursuant to this subsection (d) and
21 item (3) of subsection (c) have been deposited and retained
22 in the Fund.

23 (3) As soon as possible after the end of each fiscal
24 year, the Director shall order transferred and the State
25 Treasurer and State Comptroller shall transfer from the
26 Income Tax Refund Fund to the Personal Property Tax

1 Replacement Fund an amount, certified by the Director to
2 the Comptroller, equal to the excess of the amount
3 collected pursuant to subsections (c) and (d) of Section
4 201 of this Act deposited into the Income Tax Refund Fund
5 during the fiscal year over the amount of refunds resulting
6 from overpayment of tax liability under subsections (c) and
7 (d) of Section 201 of this Act paid from the Income Tax
8 Refund Fund during the fiscal year.

9 (4) As soon as possible after the end of each fiscal
10 year, the Director shall order transferred and the State
11 Treasurer and State Comptroller shall transfer from the
12 Personal Property Tax Replacement Fund to the Income Tax
13 Refund Fund an amount, certified by the Director to the
14 Comptroller, equal to the excess of the amount of refunds
15 resulting from overpayment of tax liability under
16 subsections (c) and (d) of Section 201 of this Act paid
17 from the Income Tax Refund Fund during the fiscal year over
18 the amount collected pursuant to subsections (c) and (d) of
19 Section 201 of this Act deposited into the Income Tax
20 Refund Fund during the fiscal year.

21 (4.5) As soon as possible after the end of fiscal year
22 1999 and of each fiscal year thereafter, the Director shall
23 order transferred and the State Treasurer and State
24 Comptroller shall transfer from the Income Tax Refund Fund
25 to the General Revenue Fund any surplus remaining in the
26 Income Tax Refund Fund as of the end of such fiscal year;

1 excluding for fiscal years 2000, 2001, and 2002 amounts
2 attributable to transfers under item (3) of subsection (c)
3 less refunds resulting from the earned income tax credit.

4 (5) This Act shall constitute an irrevocable and
5 continuing appropriation from the Income Tax Refund Fund
6 for the purpose of paying refunds upon the order of the
7 Director in accordance with the provisions of this Section.

8 (e) Deposits into the Education Assistance Fund and the
9 Income Tax Surcharge Local Government Distributive Fund. On
10 July 1, 1991, and thereafter, of the amounts collected pursuant
11 to subsections (a) and (b) of Section 201 of this Act, minus
12 deposits into the Income Tax Refund Fund, the Department shall
13 deposit 7.3% into the Education Assistance Fund in the State
14 Treasury. Beginning July 1, 1991, and continuing through
15 January 31, 1993, of the amounts collected pursuant to
16 subsections (a) and (b) of Section 201 of the Illinois Income
17 Tax Act, minus deposits into the Income Tax Refund Fund, the
18 Department shall deposit 3.0% into the Income Tax Surcharge
19 Local Government Distributive Fund in the State Treasury.
20 Beginning February 1, 1993 and continuing through June 30,
21 1993, of the amounts collected pursuant to subsections (a) and
22 (b) of Section 201 of the Illinois Income Tax Act, minus
23 deposits into the Income Tax Refund Fund, the Department shall
24 deposit 4.4% into the Income Tax Surcharge Local Government
25 Distributive Fund in the State Treasury. Beginning July 1,
26 1993, and continuing through June 30, 1994, of the amounts

1 collected under subsections (a) and (b) of Section 201 of this
2 Act, minus deposits into the Income Tax Refund Fund, the
3 Department shall deposit 1.475% into the Income Tax Surcharge
4 Local Government Distributive Fund in the State Treasury.

5 (f) Deposits into the Fund for the Advancement of
6 Education. Beginning February 1, 2015, the Department shall
7 deposit the following portions of the revenue realized from the
8 tax imposed upon individuals, trusts, and estates by
9 subsections (a) and (b) of Section 201 of this Act during the
10 preceding month, minus deposits into the Income Tax Refund
11 Fund, into the Fund for the Advancement of Education:

12 (1) beginning February 1, 2015, and prior to February
13 1, 2025, 1/30; and

14 (2) beginning February 1, 2025, 1/26.

15 If the rate of tax imposed by subsection (a) and (b) of
16 Section 201 is reduced pursuant to Section 201.5 of this Act,
17 the Department shall not make the deposits required by this
18 subsection (f) on or after the effective date of the reduction.

19 (g) Deposits into the Commitment to Human Services Fund.
20 Beginning February 1, 2015, the Department shall deposit the
21 following portions of the revenue realized from the tax imposed
22 upon individuals, trusts, and estates by subsections (a) and
23 (b) of Section 201 of this Act during the preceding month,
24 minus deposits into the Income Tax Refund Fund, into the
25 Commitment to Human Services Fund:

26 (1) beginning February 1, 2015, and prior to February

1 1, 2025, 1/30; and

2 (2) beginning February 1, 2025, 1/26.

3 If the rate of tax imposed by subsection (a) and (b) of
4 Section 201 is reduced pursuant to Section 201.5 of this Act,
5 the Department shall not make the deposits required by this
6 subsection (g) on or after the effective date of the reduction.

7 (h) Deposits into the Tax Compliance and Administration
8 Fund. Beginning on the first day of the first calendar month to
9 occur on or after August 26, 2014 (the effective date of Public
10 Act 98-1098), each month the Department shall pay into the Tax
11 Compliance and Administration Fund, to be used, subject to
12 appropriation, to fund additional auditors and compliance
13 personnel at the Department, an amount equal to 1/12 of 5% of
14 the cash receipts collected during the preceding fiscal year by
15 the Audit Bureau of the Department from the tax imposed by
16 subsections (a), (b), (c), and (d) of Section 201 of this Act,
17 net of deposits into the Income Tax Refund Fund made from those
18 cash receipts.

19 (Source: P.A. 99-78, eff. 7-20-15; 100-22, eff. 7-6-17; 100-23,
20 eff. 7-6-17; 100-587, eff. 6-4-18; 100-621, eff. 7-20-18;
21 100-863, eff. 8-14-18; revised 10-12-18.)

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