



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB3075

by Rep. Charles Meier

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. Provides that, for taxable years beginning on or after January 1, 2019 and beginning prior to January 1, 2025, the rates of tax shall be (i) 3.75% for individuals, trusts, and estates and (ii) 5.25% for corporations. Provides that, for taxable years beginning on or after January 1, 2025, the rates of tax shall be (i) 3.25% for individuals, trusts, and estates and (ii) 4.8% for corporations. Effective immediately.

LRB101 10066 HLH 56335 b

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 and
15 ending prior to January 1, 2019, an amount equal to 4.95%
16 of the taxpayer's net income for the taxable year.

17 (5.5) In the case of an individual, trust, or estate,
18 for taxable years beginning prior to January 1, 2019 and
19 ending after December 31, 2018, an amount equal to the sum
20 of (i) 4.95% of the taxpayer's net income for the period
21 prior to January 1, 2019, as calculated under Section
22 202.5, and (ii) 3.75% of the taxpayer's net income for the
23 period after December 31, 2018, as calculated under Section
24 202.5.

25 (5.6) In the case of an individual, trust, or estate,
26 for taxable years beginning on or after January 1, 2019 and

1 ending prior to January 1, 2025, an amount equal to 3.75%
2 of the taxpayer's net income for the taxable year.

3 (5.7) In the case of an individual, trust, or estate,
4 for taxable years beginning prior to January 1, 2025 and
5 ending after December 31, 2024, an amount equal to the sum
6 of (i) 3.75% of the taxpayer's net income for the period
7 prior to January 1, 2025, as calculated under Section
8 202.5, and (ii) 3.25% of the taxpayer's net income for the
9 period after December 31, 2024, as calculated under Section
10 202.5.

11 (5.8) In the case of an individual, trust, or estate,
12 for taxable years beginning on or after January 1, 2025, an
13 amount equal to 3.25% of the taxpayer's net income for the
14 taxable year.

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

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

25 (8) In the case of a corporation, for taxable years
26 beginning after June 30, 1989, and ending prior to January

1 1, 2011, an amount equal to 4.8% of the taxpayer's net
2 income for the taxable year.

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

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

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

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

25 (13) In the case of a corporation, for taxable years
26 beginning prior to July 1, 2017, and ending after June 30,

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

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

10 (15) In the case of a corporation, for taxable years
11 beginning prior to January 1, 2019, and ending after
12 December 31, 2018, an amount equal to the sum of (i) 7% of
13 the taxpayer's net income for the period prior to January
14 1, 2019, as calculated under Section 202.5, and (ii) 5.25%
15 of the taxpayer's net income for the period after December
16 31, 2018, as calculated under Section 202.5.

17 (16) In the case of a corporation, for taxable years
18 beginning on or after January 1, 2019 and ending prior to
19 January 1, 2025, an amount equal to 5.25% of the taxpayer's
20 net income for the taxable year.

21 (17) In the case of a corporation, for taxable years
22 beginning prior to January 1, 2025, and ending after
23 December 31, 2024, an amount equal to the sum of (i) 5.25%
24 of the taxpayer's net income for the period prior to
25 January 1, 2025, as calculated under Section 202.5, and
26 (ii) 4.8% of the taxpayer's net income for the period after

1 December 31, 2024, as calculated under Section 202.5.

2 (18) In the case of a corporation, for taxable years
3 beginning on or after January 1, 2025, an amount equal to
4 4.8% of the taxpayer's net income for the taxable year.

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

7 (c) Personal Property Tax Replacement Income Tax.
8 Beginning on July 1, 1979 and thereafter, in addition to such
9 income tax, there is also hereby imposed the Personal Property
10 Tax Replacement Income Tax measured by net income on every
11 corporation (including Subchapter S corporations), partnership
12 and trust, for each taxable year ending after June 30, 1979.
13 Such taxes are imposed on the privilege of earning or receiving
14 income in or as a resident of this State. The Personal Property
15 Tax Replacement Income Tax shall be in addition to the income
16 tax imposed by subsections (a) and (b) of this Section and in
17 addition to all other occupation or privilege taxes imposed by
18 this State or by any municipal corporation or political
19 subdivision thereof.

20 (d) Additional Personal Property Tax Replacement Income
21 Tax Rates. The personal property tax replacement income tax
22 imposed by this subsection and subsection (c) of this Section
23 in the case of a corporation, other than a Subchapter S
24 corporation and except as adjusted by subsection (d-1), shall
25 be an additional amount equal to 2.85% of such taxpayer's net
26 income for the taxable year, except that beginning on January

1 1, 1981, and thereafter, the rate of 2.85% specified in this
2 subsection shall be reduced to 2.5%, and in the case of a
3 partnership, trust or a Subchapter S corporation shall be an
4 additional amount equal to 1.5% of such taxpayer's net income
5 for the taxable year.

6 (d-1) Rate reduction for certain foreign insurers. In the
7 case of a foreign insurer, as defined by Section 35A-5 of the
8 Illinois Insurance Code, whose state or country of domicile
9 imposes on insurers domiciled in Illinois a retaliatory tax
10 (excluding any insurer whose premiums from reinsurance assumed
11 are 50% or more of its total insurance premiums as determined
12 under paragraph (2) of subsection (b) of Section 304, except
13 that for purposes of this determination premiums from
14 reinsurance do not include premiums from inter-affiliate
15 reinsurance arrangements), beginning with taxable years ending
16 on or after December 31, 1999, the sum of the rates of tax
17 imposed by subsections (b) and (d) shall be reduced (but not
18 increased) to the rate at which the total amount of tax imposed
19 under this Act, net of all credits allowed under this Act,
20 shall equal (i) the total amount of tax that would be imposed
21 on the foreign insurer's net income allocable to Illinois for
22 the taxable year by such foreign insurer's state or country of
23 domicile if that net income were subject to all income taxes
24 and taxes measured by net income imposed by such foreign
25 insurer's state or country of domicile, net of all credits
26 allowed or (ii) a rate of zero if no such tax is imposed on such

1 income by the foreign insurer's state of domicile. For the
2 purposes of this subsection (d-1), an inter-affiliate includes
3 a mutual insurer under common management.

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

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

10 (B) the privilege tax imposed by Section 409 of the
11 Illinois Insurance Code, the fire insurance company
12 tax imposed by Section 12 of the Fire Investigation
13 Act, and the fire department taxes imposed under
14 Section 11-10-1 of the Illinois Municipal Code,
15 equals 1.25% for taxable years ending prior to December 31,
16 2003, or 1.75% for taxable years ending on or after
17 December 31, 2003, of the net taxable premiums written for
18 the taxable year, as described by subsection (1) of Section
19 409 of the Illinois Insurance Code. This paragraph will in
20 no event increase the rates imposed under subsections (b)
21 and (d).

22 (2) Any reduction in the rates of tax imposed by this
23 subsection shall be applied first against the rates imposed
24 by subsection (b) and only after the tax imposed by
25 subsection (a) net of all credits allowed under this
26 Section other than the credit allowed under subsection (i)

1 has been reduced to zero, against the rates imposed by
2 subsection (d).

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

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

8 (1) A taxpayer shall be allowed a credit equal to .5%
9 of the basis of qualified property placed in service during
10 the taxable year, provided such property is placed in
11 service on or after July 1, 1984. There shall be allowed an
12 additional credit equal to .5% of the basis of qualified
13 property placed in service during the taxable year,
14 provided such property is placed in service on or after
15 July 1, 1986, and the taxpayer's base employment within
16 Illinois has increased by 1% or more over the preceding
17 year as determined by the taxpayer's employment records
18 filed with the Illinois Department of Employment Security.
19 Taxpayers who are new to Illinois shall be deemed to have
20 met the 1% growth in base employment for the first year in
21 which they file employment records with the Illinois
22 Department of Employment Security. The provisions added to
23 this Section by Public Act 85-1200 (and restored by Public
24 Act 87-895) shall be construed as declaratory of existing
25 law and not as a new enactment. If, in any year, the
26 increase in base employment within Illinois over the

1 preceding year is less than 1%, the additional credit shall
2 be limited to that percentage times a fraction, the
3 numerator of which is .5% and the denominator of which is
4 1%, but shall not exceed .5%. The investment credit shall
5 not be allowed to the extent that it would reduce a
6 taxpayer's liability in any tax year below zero, nor may
7 any credit for qualified property be allowed for any year
8 other than the year in which the property was placed in
9 service in Illinois. For tax years ending on or after
10 December 31, 1987, and on or before December 31, 1988, the
11 credit shall be allowed for the tax year in which the
12 property is placed in service, or, if the amount of the
13 credit exceeds the tax liability for that year, whether it
14 exceeds the original liability or the liability as later
15 amended, such excess may be carried forward and applied to
16 the tax liability of the 5 taxable years following the
17 excess credit years if the taxpayer (i) makes investments
18 which cause the creation of a minimum of 2,000 full-time
19 equivalent jobs in Illinois, (ii) is located in an
20 enterprise zone established pursuant to the Illinois
21 Enterprise Zone Act and (iii) is certified by the
22 Department of Commerce and Community Affairs (now
23 Department of Commerce and Economic Opportunity) as
24 complying with the requirements specified in clause (i) and
25 (ii) by July 1, 1986. The Department of Commerce and
26 Community Affairs (now Department of Commerce and Economic

1 Opportunity) shall notify the Department of Revenue of all
2 such certifications immediately. For tax years ending
3 after December 31, 1988, the credit shall be allowed for
4 the tax year in which the property is placed in service,
5 or, if the amount of the credit exceeds the tax liability
6 for that year, whether it exceeds the original liability or
7 the liability as later amended, such excess may be carried
8 forward and applied to the tax liability of the 5 taxable
9 years following the excess credit years. The credit shall
10 be applied to the earliest year for which there is a
11 liability. If there is credit from more than one tax year
12 that is available to offset a liability, earlier credit
13 shall be applied first.

14 (2) The term "qualified property" means property
15 which:

16 (A) is tangible, whether new or used, including
17 buildings and structural components of buildings and
18 signs that are real property, but not including land or
19 improvements to real property that are not a structural
20 component of a building such as landscaping, sewer
21 lines, local access roads, fencing, parking lots, and
22 other appurtenances;

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

1 (e);

2 (C) is acquired by purchase as defined in Section
3 179(d) of the Internal Revenue Code;

4 (D) is used in Illinois by a taxpayer who is
5 primarily engaged in manufacturing, or in mining coal
6 or fluorite, or in retailing, or was placed in service
7 on or after July 1, 2006 in a River Edge Redevelopment
8 Zone established pursuant to the River Edge
9 Redevelopment Zone Act; and

10 (E) has not previously been used in Illinois in
11 such a manner and by such a person as would qualify for
12 the credit provided by this subsection (e) or
13 subsection (f).

14 (3) For purposes of this subsection (e),
15 "manufacturing" means the material staging and production
16 of tangible personal property by procedures commonly
17 regarded as manufacturing, processing, fabrication, or
18 assembling which changes some existing material into new
19 shapes, new qualities, or new combinations. For purposes of
20 this subsection (e) the term "mining" shall have the same
21 meaning as the term "mining" in Section 613(c) of the
22 Internal Revenue Code. For purposes of this subsection (e),
23 the term "retailing" means the sale of tangible personal
24 property for use or consumption and not for resale, or
25 services rendered in conjunction with the sale of tangible
26 personal property for use or consumption and not for

1 resale. For purposes of this subsection (e), "tangible
2 personal property" has the same meaning as when that term
3 is used in the Retailers' Occupation Tax Act, and, for
4 taxable years ending after December 31, 2008, does not
5 include the generation, transmission, or distribution of
6 electricity.

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

10 (5) If the basis of the property for federal income tax
11 depreciation purposes is increased after it has been placed
12 in service in Illinois 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 (6) The term "placed in service" shall have the same
16 meaning as under Section 46 of the Internal Revenue Code.

17 (7) 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 Illinois within 48
21 months after being placed in service, the Personal Property
22 Tax Replacement Income Tax for such taxable year shall be
23 increased. Such increase shall be determined by (i)
24 recomputing the investment credit which would have been
25 allowed for the year in which credit for such property was
26 originally allowed by eliminating such property from such

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

7 (8) Unless the investment credit is extended by law,
8 the basis of qualified property shall not include costs
9 incurred after December 31, 2018, except for costs incurred
10 pursuant to a binding contract entered into on or before
11 December 31, 2018.

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

1 shall be irrevocable.

2 For taxable years ending on or after December 31, 2000,
3 a partner that qualifies its partnership for a subtraction
4 under subparagraph (I) of paragraph (2) of subsection (d)
5 of Section 203 or a shareholder that qualifies a Subchapter
6 S corporation for a subtraction under subparagraph (S) of
7 paragraph (2) of subsection (b) of Section 203 shall be
8 allowed a credit under this subsection (e) equal to its
9 share of the credit earned under this subsection (e) during
10 the taxable year by the partnership or Subchapter S
11 corporation, determined in accordance with the
12 determination of income and distributive share of income
13 under Sections 702 and 704 and Subchapter S of the Internal
14 Revenue Code. This paragraph is exempt from the provisions
15 of Section 250.

16 (f) Investment credit; Enterprise Zone; River Edge
17 Redevelopment Zone.

18 (1) A taxpayer shall be allowed a credit against the
19 tax imposed by subsections (a) and (b) of this Section for
20 investment in qualified property which is placed in service
21 in an Enterprise Zone created pursuant to the Illinois
22 Enterprise Zone Act or, for property placed in service on
23 or after July 1, 2006, a River Edge Redevelopment Zone
24 established pursuant to the River Edge Redevelopment Zone
25 Act. For partners, shareholders of Subchapter S
26 corporations, and owners of limited liability companies,

1 if the liability company is treated as a partnership for
2 purposes of federal and State income taxation, there shall
3 be allowed a credit under this subsection (f) to be
4 determined in accordance with the determination of income
5 and distributive share of income under Sections 702 and 704
6 and Subchapter S of the Internal Revenue Code. The credit
7 shall be .5% of the basis for such property. The credit
8 shall be available only in the taxable year in which the
9 property is placed in service in the Enterprise Zone or
10 River Edge Redevelopment Zone and shall not be allowed to
11 the extent that it would reduce a taxpayer's liability for
12 the tax imposed by subsections (a) and (b) of this Section
13 to below zero. For tax years ending on or after December
14 31, 1985, the credit shall be allowed for the tax year in
15 which the property is placed in service, or, if the amount
16 of the credit exceeds the tax liability for that year,
17 whether it exceeds the original liability or the liability
18 as later amended, such excess may be carried forward and
19 applied to the tax liability of the 5 taxable years
20 following the excess credit year. The credit shall be
21 applied to the earliest year for which there is a
22 liability. If there is credit from more than one tax year
23 that is available to offset a liability, the credit
24 accruing first in time shall be applied first.

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

26 (A) is tangible, whether new or used, including

1 buildings and structural components of buildings;

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

7 (C) is acquired by purchase as defined in Section
8 179(d) of the Internal Revenue Code;

9 (D) is used in the Enterprise Zone or River Edge
10 Redevelopment Zone by the taxpayer; and

11 (E) has not been previously used in Illinois in
12 such a manner and by such a person as would qualify for
13 the credit provided by this subsection (f) or
14 subsection (e).

15 (3) The basis of qualified property shall be the basis
16 used to compute the depreciation deduction for federal
17 income tax purposes.

18 (4) If the basis of the property for federal income tax
19 depreciation purposes is increased after it has been placed
20 in service in the Enterprise Zone or River Edge
21 Redevelopment Zone by the taxpayer, the amount of such
22 increase shall be deemed property placed in service on the
23 date of such increase in basis.

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

26 (6) If during any taxable year, any property ceases to

1 be qualified property in the hands of the taxpayer within
2 48 months after being placed in service, or the situs of
3 any qualified property is moved outside the Enterprise Zone
4 or River Edge Redevelopment Zone within 48 months after
5 being placed in service, the tax imposed under subsections
6 (a) and (b) of this Section for such taxable year shall be
7 increased. Such increase shall be determined by (i)
8 recomputing the investment credit which would have been
9 allowed for the year in which credit for such property was
10 originally allowed by eliminating such property from such
11 computation, and (ii) subtracting such recomputed credit
12 from the amount of credit previously allowed. For the
13 purposes of this paragraph (6), a reduction of the basis of
14 qualified property resulting from a redetermination of the
15 purchase price shall be deemed a disposition of qualified
16 property to the extent of such reduction.

17 (7) There shall be allowed an additional credit equal
18 to 0.5% of the basis of qualified property placed in
19 service during the taxable year in a River Edge
20 Redevelopment Zone, provided such property is placed in
21 service on or after July 1, 2006, and the taxpayer's base
22 employment within Illinois has increased by 1% or more over
23 the preceding year as determined by the taxpayer's
24 employment records filed with the Illinois Department of
25 Employment Security. Taxpayers who are new to Illinois
26 shall be deemed to have met the 1% growth in base

1 employment for the first year in which they file employment
2 records with the Illinois Department of Employment
3 Security. If, in any year, the increase in base employment
4 within Illinois over the preceding year is less than 1%,
5 the additional credit shall be limited to that percentage
6 times a fraction, the numerator of which is 0.5% and the
7 denominator of which is 1%, but shall not exceed 0.5%.

8 (g) (Blank).

9 (h) Investment credit; High Impact Business.

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

1 subsections (a) and (b) of this Section to below zero. The
2 credit applicable to such investments shall be taken in the
3 taxable year in which such investments have been completed.
4 The credit for additional investments beyond the minimum
5 investment by a designated high impact business authorized
6 under subdivision (a) (3) (A) of Section 5.5 of the Illinois
7 Enterprise Zone Act shall be available only in the taxable
8 year in which the property is placed in service and shall
9 not be allowed to the extent that it would reduce a
10 taxpayer's liability for the tax imposed by subsections (a)
11 and (b) of this Section to below zero. For tax years ending
12 on or after December 31, 1987, the credit shall be allowed
13 for the tax year in which the property is placed in
14 service, or, if the amount of the credit exceeds the tax
15 liability for that year, whether it exceeds the original
16 liability or the liability as later amended, such excess
17 may be carried forward and applied to the tax liability of
18 the 5 taxable years following the excess credit year. The
19 credit shall be applied to the earliest year for which
20 there is a liability. If there is credit from more than one
21 tax year that is available to offset a liability, the
22 credit accruing first in time shall be applied first.

23 Changes made in this subdivision (h) (1) by Public Act
24 88-670 restore changes made by Public Act 85-1182 and
25 reflect existing law.

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

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

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

8 (C) is acquired by purchase as defined in Section
9 179(d) of the Internal Revenue Code; and

10 (D) is not eligible for the Enterprise Zone
11 Investment Credit provided by subsection (f) of this
12 Section.

13 (3) The basis of qualified property shall be the basis
14 used to compute the depreciation deduction for federal
15 income tax purposes.

16 (4) If the basis of the property for federal income tax
17 depreciation purposes is increased after it has been placed
18 in service in a federally designated Foreign Trade Zone or
19 Sub-Zone located in Illinois by the taxpayer, the amount of
20 such increase shall be deemed property placed in service on
21 the date of such increase in basis.

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

24 (6) If during any taxable year ending on or before
25 December 31, 1996, any property ceases to be qualified
26 property in the hands of the taxpayer within 48 months

1 after being placed in service, or the situs of any
2 qualified property is moved outside Illinois within 48
3 months after being placed in service, the tax imposed under
4 subsections (a) and (b) of this Section for such taxable
5 year shall be increased. Such increase shall be determined
6 by (i) recomputing the investment credit which would have
7 been allowed for the year in which credit for such property
8 was originally allowed by eliminating such property from
9 such computation, and (ii) subtracting such recomputed
10 credit from the amount of credit previously allowed. For
11 the purposes of this paragraph (6), a reduction of the
12 basis of qualified property resulting from a
13 redetermination of the purchase price shall be deemed a
14 disposition of qualified property to the extent of such
15 reduction.

16 (7) Beginning with tax years ending after December 31,
17 1996, if a taxpayer qualifies for the credit under this
18 subsection (h) and thereby is granted a tax abatement and
19 the taxpayer relocates its entire facility in violation of
20 the explicit terms and length of the contract under Section
21 18-183 of the Property Tax Code, the tax imposed under
22 subsections (a) and (b) of this Section shall be increased
23 for the taxable year in which the taxpayer relocated its
24 facility by an amount equal to the amount of credit
25 received by the taxpayer under this subsection (h).

26 (i) Credit for Personal Property Tax Replacement Income

1 Tax. For tax years ending prior to December 31, 2003, a credit
2 shall be allowed against the tax imposed by subsections (a) and
3 (b) of this Section for the tax imposed by subsections (c) and
4 (d) of this Section. This credit shall be computed by
5 multiplying the tax imposed by subsections (c) and (d) of this
6 Section by a fraction, the numerator of which is base income
7 allocable to Illinois and the denominator of which is Illinois
8 base income, and further multiplying the product by the tax
9 rate imposed by subsections (a) and (b) of this Section.

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

24 If, during any taxable year ending on or after December 31,
25 1986, the tax imposed by subsections (c) and (d) of this
26 Section for which a taxpayer has claimed a credit under this

1 subsection (i) is reduced, the amount of credit for such tax
2 shall also be reduced. Such reduction shall be determined by
3 recomputing the credit to take into account the reduced tax
4 imposed by subsections (c) and (d). If any portion of the
5 reduced amount of credit has been carried to a different
6 taxable year, an amended return shall be filed for such taxable
7 year to reduce the amount of credit claimed.

8 (j) Training expense credit. Beginning with tax years
9 ending on or after December 31, 1986 and prior to December 31,
10 2003, a taxpayer shall be allowed a credit against the tax
11 imposed by subsections (a) and (b) under this Section for all
12 amounts paid or accrued, on behalf of all persons employed by
13 the taxpayer in Illinois or Illinois residents employed outside
14 of Illinois by a taxpayer, for educational or vocational
15 training in semi-technical or technical fields or semi-skilled
16 or skilled fields, which were deducted from gross income in the
17 computation of taxable income. The credit against the tax
18 imposed by subsections (a) and (b) shall be 1.6% of such
19 training expenses. For partners, shareholders of subchapter S
20 corporations, and owners of limited liability companies, if the
21 liability company is treated as a partnership for purposes of
22 federal and State income taxation, there shall be allowed a
23 credit under this subsection (j) to be determined in accordance
24 with the determination of income and distributive share of
25 income under Sections 702 and 704 and subchapter S of the
26 Internal Revenue Code.

1 Any credit allowed under this subsection which is unused in
2 the year the credit is earned may be carried forward to each of
3 the 5 taxable years following the year for which the credit is
4 first computed until it is used. This credit shall be applied
5 first to the earliest year for which there is a liability. If
6 there is a credit under this subsection from more than one tax
7 year that is available to offset a liability the earliest
8 credit arising under this subsection shall be applied first. No
9 carryforward credit may be claimed in any tax year ending on or
10 after December 31, 2003.

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

1 Internal Revenue Code.

2 For purposes of this subsection, "qualifying expenditures"
3 means the qualifying expenditures as defined for the federal
4 credit for increasing research activities which would be
5 allowable under Section 41 of the Internal Revenue Code and
6 which are conducted in this State, "qualifying expenditures for
7 increasing research activities in this State" means the excess
8 of qualifying expenditures for the taxable year in which
9 incurred over qualifying expenditures for the base period,
10 "qualifying expenditures for the base period" means the average
11 of the qualifying expenditures for each year in the base
12 period, and "base period" means the 3 taxable years immediately
13 preceding the taxable year for which the determination is being
14 made.

15 Any credit in excess of the tax liability for the taxable
16 year may be carried forward. A taxpayer may elect to have the
17 unused credit shown on its final completed return carried over
18 as a credit against the tax liability for the following 5
19 taxable years or until it has been fully used, whichever occurs
20 first; provided that no credit earned in a tax year ending
21 prior to December 31, 2003 may be carried forward to any year
22 ending on or after December 31, 2003.

23 If an unused credit is carried forward to a given year from
24 2 or more earlier years, that credit arising in the earliest
25 year will be applied first against the tax liability for the
26 given year. If a tax liability for the given year still

1 remains, the credit from the next earliest year will then be
2 applied, and so on, until all credits have been used or no tax
3 liability for the given year remains. Any remaining unused
4 credit or credits then will be carried forward to the next
5 following year in which a tax liability is incurred, except
6 that no credit can be carried forward to a year which is more
7 than 5 years after the year in which the expense for which the
8 credit is given was incurred.

9 No inference shall be drawn from this amendatory Act of the
10 91st General Assembly in construing this Section for taxable
11 years beginning before January 1, 1999.

12 It is the intent of the General Assembly that the research
13 and development credit under this subsection (k) shall apply
14 continuously for all tax years ending on or after December 31,
15 2004 and ending prior to January 1, 2022, including, but not
16 limited to, the period beginning on January 1, 2016 and ending
17 on the effective date of this amendatory Act of the 100th
18 General Assembly. All actions taken in reliance on the
19 continuation of the credit under this subsection (k) by any
20 taxpayer are hereby validated.

21 (l) Environmental Remediation Tax Credit.

22 (i) For tax years ending after December 31, 1997 and on
23 or before December 31, 2001, a taxpayer shall be allowed a
24 credit against the tax imposed by subsections (a) and (b)
25 of this Section for certain amounts paid for unreimbursed
26 eligible remediation costs, as specified in this

1 subsection. For purposes of this Section, "unreimbursed
2 eligible remediation costs" means costs approved by the
3 Illinois Environmental Protection Agency ("Agency") under
4 Section 58.14 of the Environmental Protection Act that were
5 paid in performing environmental remediation at a site for
6 which a No Further Remediation Letter was issued by the
7 Agency and recorded under Section 58.10 of the
8 Environmental Protection Act. The credit must be claimed
9 for the taxable year in which Agency approval of the
10 eligible remediation costs is granted. The credit is not
11 available to any taxpayer if the taxpayer or any related
12 party caused or contributed to, in any material respect, a
13 release of regulated substances on, in, or under the site
14 that was identified and addressed by the remedial action
15 pursuant to the Site Remediation Program of the
16 Environmental Protection Act. After the Pollution Control
17 Board rules are adopted pursuant to the Illinois
18 Administrative Procedure Act for the administration and
19 enforcement of Section 58.9 of the Environmental
20 Protection Act, determinations as to credit availability
21 for purposes of this Section shall be made consistent with
22 those rules. For purposes of this Section, "taxpayer"
23 includes a person whose tax attributes the taxpayer has
24 succeeded to under Section 381 of the Internal Revenue Code
25 and "related party" includes the persons disallowed a
26 deduction for losses by paragraphs (b), (c), and (f) (1) of

1 Section 267 of the Internal Revenue Code by virtue of being
2 a related taxpayer, as well as any of its partners. The
3 credit allowed against the tax imposed by subsections (a)
4 and (b) shall be equal to 25% of the unreimbursed eligible
5 remediation costs in excess of \$100,000 per site, except
6 that the \$100,000 threshold shall not apply to any site
7 contained in an enterprise zone as determined by the
8 Department of Commerce and Community Affairs (now
9 Department of Commerce and Economic Opportunity). The
10 total credit allowed shall not exceed \$40,000 per year with
11 a maximum total of \$150,000 per site. For partners and
12 shareholders of subchapter S corporations, there shall be
13 allowed a credit under this subsection to be determined in
14 accordance with the determination of income and
15 distributive share of income under Sections 702 and 704 and
16 subchapter S of the Internal Revenue Code.

17 (ii) A credit allowed under this subsection that is
18 unused in the year the credit is earned may be carried
19 forward to each of the 5 taxable years following the year
20 for which the credit is first earned until it is used. The
21 term "unused credit" does not include any amounts of
22 unreimbursed eligible remediation costs in excess of the
23 maximum credit per site authorized under paragraph (i).
24 This credit shall be applied first to the earliest year for
25 which there is a liability. If there is a credit under this
26 subsection from more than one tax year that is available to

1 offset a liability, the earliest credit arising under this
2 subsection shall be applied first. A credit allowed under
3 this subsection may be sold to a buyer as part of a sale of
4 all or part of the remediation site for which the credit
5 was granted. The purchaser of a remediation site and the
6 tax credit shall succeed to the unused credit and remaining
7 carry-forward period of the seller. To perfect the
8 transfer, the assignor shall record the transfer in the
9 chain of title for the site and provide written notice to
10 the Director of the Illinois Department of Revenue of the
11 assignor's intent to sell the remediation site and the
12 amount of the tax credit to be transferred as a portion of
13 the sale. In no event may a credit be transferred to any
14 taxpayer if the taxpayer or a related party would not be
15 eligible under the provisions of subsection (i).

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

19 (m) Education expense credit. Beginning with tax years
20 ending after December 31, 1999, a taxpayer who is the custodian
21 of one or more qualifying pupils shall be allowed a credit
22 against the tax imposed by subsections (a) and (b) of this
23 Section for qualified education expenses incurred on behalf of
24 the qualifying pupils. The credit shall be equal to 25% of
25 qualified education expenses, but in no event may the total
26 credit under this subsection claimed by a family that is the

1 custodian of qualifying pupils exceed (i) \$500 for tax years
2 ending prior to December 31, 2017, and (ii) \$750 for tax years
3 ending on or after December 31, 2017. In no event shall a
4 credit under this subsection reduce the taxpayer's liability
5 under this Act to less than zero. Notwithstanding any other
6 provision of law, for taxable years beginning on or after
7 January 1, 2017, no taxpayer may claim a credit under this
8 subsection (m) if the taxpayer's adjusted gross income for the
9 taxable year exceeds (i) \$500,000, in the case of spouses
10 filing a joint federal tax return or (ii) \$250,000, in the case
11 of all other taxpayers. This subsection is exempt from the
12 provisions of Section 250 of this Act.

13 For purposes of this subsection:

14 "Qualifying pupils" means individuals who (i) are
15 residents of the State of Illinois, (ii) are under the age of
16 21 at the close of the school year for which a credit is
17 sought, and (iii) during the school year for which a credit is
18 sought were full-time pupils enrolled in a kindergarten through
19 twelfth grade education program at any school, as defined in
20 this subsection.

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

25 "School" means any public or nonpublic elementary or
26 secondary school in Illinois that is in compliance with Title

1 VI of the Civil Rights Act of 1964 and attendance at which
2 satisfies the requirements of Section 26-1 of the School Code,
3 except that nothing shall be construed to require a child to
4 attend any particular public or nonpublic school to qualify for
5 the credit under this Section.

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

9 (n) River Edge Redevelopment Zone site remediation tax
10 credit.

11 (i) For tax years ending on or after December 31, 2006,
12 a taxpayer shall be allowed a credit against the tax
13 imposed by subsections (a) and (b) of this Section for
14 certain amounts paid for unreimbursed eligible remediation
15 costs, as specified in this subsection. For purposes of
16 this Section, "unreimbursed eligible remediation costs"
17 means costs approved by the Illinois Environmental
18 Protection Agency ("Agency") under Section 58.14a of the
19 Environmental Protection Act that were paid in performing
20 environmental remediation at a site within a River Edge
21 Redevelopment Zone for which a No Further Remediation
22 Letter was issued by the Agency and recorded under Section
23 58.10 of the Environmental Protection Act. The credit must
24 be claimed for the taxable year in which Agency approval of
25 the eligible remediation costs is granted. The credit is
26 not available to any taxpayer if the taxpayer or any

1 related party caused or contributed to, in any material
2 respect, a release of regulated substances on, in, or under
3 the site that was identified and addressed by the remedial
4 action pursuant to the Site Remediation Program of the
5 Environmental Protection Act. Determinations as to credit
6 availability for purposes of this Section shall be made
7 consistent with rules adopted by the Pollution Control
8 Board pursuant to the Illinois Administrative Procedure
9 Act for the administration and enforcement of Section 58.9
10 of the Environmental Protection Act. For purposes of this
11 Section, "taxpayer" includes a person whose tax attributes
12 the taxpayer has succeeded to under Section 381 of the
13 Internal Revenue Code and "related party" includes the
14 persons disallowed a deduction for losses by paragraphs
15 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
16 Code by virtue of being a related taxpayer, as well as any
17 of its partners. The credit allowed against the tax imposed
18 by subsections (a) and (b) shall be equal to 25% of the
19 unreimbursed eligible remediation costs in excess of
20 \$100,000 per site.

21 (ii) A credit allowed under this subsection that is
22 unused in the year the credit is earned may be carried
23 forward to each of the 5 taxable years following the year
24 for which the credit is first earned until it is used. This
25 credit shall be applied first to the earliest year for
26 which there is a liability. If there is a credit under this

1 subsection from more than one tax year that is available to
2 offset a liability, the earliest credit arising under this
3 subsection shall be applied first. A credit allowed under
4 this subsection may be sold to a buyer as part of a sale of
5 all or part of the remediation site for which the credit
6 was granted. The purchaser of a remediation site and the
7 tax credit shall succeed to the unused credit and remaining
8 carry-forward period of the seller. To perfect the
9 transfer, the assignor shall record the transfer in the
10 chain of title for the site and provide written notice to
11 the Director of the Illinois Department of Revenue of the
12 assignor's intent to sell the remediation site and the
13 amount of the tax credit to be transferred as a portion of
14 the sale. In no event may a credit be transferred to any
15 taxpayer if the taxpayer or a related party would not be
16 eligible under the provisions of subsection (i).

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

20 (o) For each of taxable years during the Compassionate Use
21 of Medical Cannabis Pilot Program, a surcharge is imposed on
22 all taxpayers on income arising from the sale or exchange of
23 capital assets, depreciable business property, real property
24 used in the trade or business, and Section 197 intangibles of
25 an organization registrant under the Compassionate Use of
26 Medical Cannabis Pilot Program Act. The amount of the surcharge

1 is equal to the amount of federal income tax liability for the
2 taxable year attributable to those sales and exchanges. The
3 surcharge imposed does not apply if:

4 (1) the medical cannabis cultivation center
5 registration, medical cannabis dispensary registration, or
6 the property of a registration is transferred as a result
7 of any of the following:

8 (A) bankruptcy, a receivership, or a debt
9 adjustment initiated by or against the initial
10 registration or the substantial owners of the initial
11 registration;

12 (B) cancellation, revocation, or termination of
13 any registration by the Illinois Department of Public
14 Health;

15 (C) a determination by the Illinois Department of
16 Public Health that transfer of the registration is in
17 the best interests of Illinois qualifying patients as
18 defined by the Compassionate Use of Medical Cannabis
19 Pilot Program Act;

20 (D) the death of an owner of the equity interest in
21 a registrant;

22 (E) the acquisition of a controlling interest in
23 the stock or substantially all of the assets of a
24 publicly traded company;

25 (F) a transfer by a parent company to a wholly
26 owned subsidiary; or

1 (G) the transfer or sale to or by one person to
2 another person where both persons were initial owners
3 of the registration when the registration was issued;
4 or

5 (2) the cannabis cultivation center registration,
6 medical cannabis dispensary registration, or the
7 controlling interest in a registrant's property is
8 transferred in a transaction to lineal descendants in which
9 no gain or loss is recognized or as a result of a
10 transaction in accordance with Section 351 of the Internal
11 Revenue Code in which no gain or loss is recognized.

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

13 (35 ILCS 5/901) (from Ch. 120, par. 9-901)
14 Sec. 901. Collection authority.

15 (a) In general. The Department shall collect the taxes
16 imposed by this Act. The Department shall collect certified
17 past due child support amounts under Section 2505-650 of the
18 Department of Revenue Law of the Civil Administrative Code of
19 Illinois. Except as provided in subsections (b), (c), (e), (f),
20 (g), and (h) of this Section, money collected pursuant to
21 subsections (a) and (b) of Section 201 of this Act shall be
22 paid into the General Revenue Fund in the State treasury; money
23 collected pursuant to subsections (c) and (d) of Section 201 of
24 this Act shall be paid into the Personal Property Tax
25 Replacement Fund, a special fund in the State Treasury; and

1 money collected under Section 2505-650 of the Department of
2 Revenue Law of the Civil Administrative Code of Illinois shall
3 be paid into the Child Support Enforcement Trust Fund, a
4 special fund outside the State Treasury, or to the State
5 Disbursement Unit established under Section 10-26 of the
6 Illinois Public Aid Code, as directed by the Department of
7 Healthcare and Family Services.

8 (b) Local Government Distributive Fund. Beginning August
9 1, 1969, and continuing through June 30, 1994, the Treasurer
10 shall transfer each month from the General Revenue Fund to a
11 special fund in the State treasury, to be known as the "Local
12 Government Distributive Fund", an amount equal to 1/12 of the
13 net revenue realized from the tax imposed by subsections (a)
14 and (b) of Section 201 of this Act during the preceding month.
15 Beginning July 1, 1994, and continuing through June 30, 1995,
16 the Treasurer shall transfer each month from the General
17 Revenue Fund to the Local Government Distributive Fund an
18 amount equal to 1/11 of the net revenue realized from the tax
19 imposed by subsections (a) and (b) of Section 201 of this Act
20 during the preceding month. Beginning July 1, 1995 and
21 continuing through January 31, 2011, the Treasurer shall
22 transfer each month from the General Revenue Fund to the Local
23 Government Distributive Fund an amount equal to the net of (i)
24 1/10 of the net revenue realized from the tax imposed by
25 subsections (a) and (b) of Section 201 of the Illinois Income
26 Tax Act during the preceding month (ii) minus, beginning July

1 1, 2003 and ending June 30, 2004, \$6,666,666, and beginning
2 July 1, 2004, zero. Beginning February 1, 2011, and continuing
3 through January 31, 2015, the Treasurer shall transfer each
4 month from the General Revenue Fund to the Local Government
5 Distributive Fund an amount equal to the sum of (i) 6% (10% of
6 the ratio of the 3% individual income tax rate prior to 2011 to
7 the 5% individual income tax rate after 2010) of the net
8 revenue realized from the tax imposed by subsections (a) and
9 (b) of Section 201 of this Act upon individuals, trusts, and
10 estates during the preceding month and (ii) 6.86% (10% of the
11 ratio of the 4.8% corporate income tax rate prior to 2011 to
12 the 7% corporate income tax rate after 2010) of the net revenue
13 realized from the tax imposed by subsections (a) and (b) of
14 Section 201 of this Act upon corporations during the preceding
15 month. Beginning February 1, 2015 and continuing through July
16 31, 2017, the Treasurer shall transfer each month from the
17 General Revenue Fund to the Local Government Distributive Fund
18 an amount equal to the sum of (i) 8% (10% of the ratio of the 3%
19 individual income tax rate prior to 2011 to the 3.75%
20 individual income tax rate after 2014) of the net revenue
21 realized from the tax imposed by subsections (a) and (b) of
22 Section 201 of this Act upon individuals, trusts, and estates
23 during the preceding month and (ii) 9.14% (10% of the ratio of
24 the 4.8% corporate income tax rate prior to 2011 to the 5.25%
25 corporate income tax rate after 2014) of the net revenue
26 realized from the tax imposed by subsections (a) and (b) of

1 Section 201 of this Act upon corporations during the preceding
2 month. Beginning August 1, 2017 and continuing through January
3 31, 2018 or the last day of the month in which this amendatory
4 Act of the 101st General Assembly takes effect, whichever
5 occurs later, the Treasurer shall transfer each month from the
6 General Revenue Fund to the Local Government Distributive Fund
7 an amount equal to the sum of (i) 6.06% (10% of the ratio of the
8 3% individual income tax rate prior to 2011 to the 4.95%
9 individual income tax rate after July 1, 2017) of the net
10 revenue realized from the tax imposed by subsections (a) and
11 (b) of Section 201 of this Act upon individuals, trusts, and
12 estates during the preceding month and (ii) 6.85% (10% of the
13 ratio of the 4.8% corporate income tax rate prior to 2011 to
14 the 7% corporate income tax rate after July 1, 2017) of the net
15 revenue realized from the tax imposed by subsections (a) and
16 (b) of Section 201 of this Act upon corporations during the
17 preceding month. Beginning on February 1, 2019 or on the first
18 day of the first month after this amendatory Act of the 101st
19 General Assembly takes effect, whichever occurs later, and
20 continuing through January 31, 2026, the Treasurer shall
21 deposit into the Local Government Distributive Fund an amount
22 equal to the sum of (i) 8% (10% of the ratio of the 3%
23 individual income tax rate prior to 2011 to the 3.75%
24 individual income tax rate after 2019) of the net revenue
25 realized during the month from the tax imposed by subsections
26 (a) and (b) of Section 201 of this Act upon individuals,

1 trusts, and estates and (ii) 9.14% (10% of the ratio of the
2 4.8% corporate income tax rate prior to 2011 to the 5.25%
3 corporate income tax rate after 2019) of the net revenue
4 realized during the month from the tax imposed by subsections
5 (a) and (b) of Section 201 of this Act upon corporations.
6 Beginning on February 1, 2025, the Treasurer shall deposit into
7 the Local Government Distributive Fund an amount equal to the
8 sum of (i) 9.23% (10% of the ratio of the 3% individual income
9 tax rate prior to 2011 to the 3.25% individual income tax rate
10 after 2025) of the net revenue realized during the month from
11 the tax imposed by subsections (a) and (b) of Section 201 of
12 this Act upon individuals, trusts, and estates and (ii) 10% of
13 the net revenue realized during the month from the tax imposed
14 by subsections (a) and (b) of Section 201 of this Act upon
15 corporations. Net revenue realized for a month shall be defined
16 as the revenue from the tax imposed by subsections (a) and (b)
17 of Section 201 of this Act which is deposited in the General
18 Revenue Fund, the Education Assistance Fund, the Income Tax
19 Surcharge Local Government Distributive Fund, the Fund for the
20 Advancement of Education, and the Commitment to Human Services
21 Fund during the month minus the amount paid out of the General
22 Revenue Fund in State warrants during that same month as
23 refunds to taxpayers for overpayment of liability under the tax
24 imposed by subsections (a) and (b) of Section 201 of this Act.

25 Notwithstanding any provision of law to the contrary,
26 beginning on July 6, 2017 (the effective date of Public Act

1 100-23), those amounts required under this subsection (b) to be
2 transferred by the Treasurer into the Local Government
3 Distributive Fund from the General Revenue Fund shall be
4 directly deposited into the Local Government Distributive Fund
5 as the revenue is realized from the tax imposed by subsections
6 (a) and (b) of Section 201 of this Act.

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

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

15 (c) Deposits Into Income Tax Refund Fund.

16 (1) Beginning on January 1, 1989 and thereafter, the
17 Department shall deposit a percentage of the amounts
18 collected pursuant to subsections (a) and (b)(1), (2), and
19 (3) of Section 201 of this Act into a fund in the State
20 treasury known as the Income Tax Refund Fund. The
21 Department shall deposit 6% of such amounts during the
22 period beginning January 1, 1989 and ending on June 30,
23 1989. Beginning with State fiscal year 1990 and for each
24 fiscal year thereafter, the percentage deposited into the
25 Income Tax Refund Fund during a fiscal year shall be the
26 Annual Percentage. For fiscal years 1999 through 2001, the

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

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

10 (2) Beginning on January 1, 1989 and thereafter, the
11 Department shall deposit a percentage of the amounts
12 collected pursuant to subsections (a) and (b)(6), (7), and
13 (8), (c) and (d) of Section 201 of this Act into a fund in
14 the State treasury known as the Income Tax Refund Fund. The
15 Department shall deposit 18% of such amounts during the
16 period beginning January 1, 1989 and ending on June 30,
17 1989. Beginning with State fiscal year 1990 and for each
18 fiscal year thereafter, the percentage deposited into the
19 Income Tax Refund Fund during a fiscal year shall be the
20 Annual Percentage. For fiscal years 1999, 2000, and 2001,
21 the Annual Percentage shall be 19%. For fiscal year 2003,
22 the Annual Percentage shall be 27%. For fiscal year 2004,
23 the Annual Percentage shall be 32%. Upon the effective date
24 of Public Act 93-839 (July 30, 2004), the Annual Percentage
25 shall be 24% for fiscal year 2005. For fiscal year 2006,
26 the Annual Percentage shall be 20%. For fiscal year 2007,

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

1 immediately preceding the fiscal year for which it is to be
2 effective.

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

8 (d) Expenditures from Income Tax Refund Fund.

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

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

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

1 collected pursuant to subsections (c) and (d) of Section
2 201 of this Act deposited into the Income Tax Refund Fund
3 during the fiscal year over the amount of refunds resulting
4 from overpayment of tax liability under subsections (c) and
5 (d) of Section 201 of this Act paid from the Income Tax
6 Refund Fund during the fiscal year.

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

19 (4.5) As soon as possible after the end of fiscal year
20 1999 and of each fiscal year thereafter, the Director shall
21 order transferred and the State Treasurer and State
22 Comptroller shall transfer from the Income Tax Refund Fund
23 to the General Revenue Fund any surplus remaining in the
24 Income Tax Refund Fund as of the end of such fiscal year;
25 excluding for fiscal years 2000, 2001, and 2002 amounts
26 attributable to transfers under item (3) of subsection (c)

1 less refunds resulting from the earned income tax credit.

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

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

1 Department shall deposit 1.475% into the Income Tax Surcharge
2 Local Government Distributive Fund in the State Treasury.

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

10 (1) beginning February 1, 2015, and prior to February
11 1, 2025, 1/30; and

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

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

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

23 (1) beginning February 1, 2015, and prior to February
24 1, 2025, 1/30; and

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

26 If the rate of tax imposed by subsection (a) and (b) of

1 Section 201 is reduced pursuant to Section 201.5 of this Act,
2 the Department shall not make the deposits required by this
3 subsection (g) on or after the effective date of the reduction.

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

16 (Source: P.A. 99-78, eff. 7-20-15; 100-22, eff. 7-6-17; 100-23,
17 eff. 7-6-17; 100-587, eff. 6-4-18; 100-621, eff. 7-20-18;
18 100-863, eff. 8-14-18; 100-1171, eff. 1-4-19; revised 1-8-19.)

19 Section 99. Effective date. This Act takes effect upon
20 becoming law.