

SB2691



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB2691

Introduced 1/29/2020, by Sen. William E. Brady

SYNOPSIS AS INTRODUCED:

805 ILCS 5/15.35

from Ch. 32, par. 15.35

Amends the Business Corporation Act of 1983. Makes a technical change in a Section concerning franchise taxes payable by domestic corporations.

LRB101 17082 JLS 66482 b

A BILL FOR

1 AN ACT concerning business.

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

4 Section 5. The Business Corporation Act of 1983 is amended
5 by changing Section 15.35 as follows:

6 (805 ILCS 5/15.35) (from Ch. 32, par. 15.35)

7 (Section scheduled to be repealed on December 31, 2025)

8 Sec. 15.35. Franchise taxes payable by domestic
9 corporations. For the ~~the~~ privilege of exercising its
10 franchises in this State, each domestic corporation shall pay
11 to the Secretary of State the following franchise taxes,
12 computed on the basis, at the rates and for the periods
13 prescribed in this Act:

14 (a) An initial franchise tax at the time of filing its
15 first report of issuance of shares.

16 (b) An additional franchise tax at the time of filing
17 (1) a report of the issuance of additional shares, or (2) a
18 report of an increase in paid-in capital without the
19 issuance of shares, or (3) an amendment to the articles of
20 incorporation or a report of cumulative changes in paid-in
21 capital, whenever any amendment or such report discloses an
22 increase in its paid-in capital over the amount thereof
23 last reported in any document, other than an annual report,

1 interim annual report or final transition annual report
2 required by this Act to be filed in the office of the
3 Secretary of State.

4 (c) An additional franchise tax at the time of filing a
5 report of paid-in capital following a statutory merger or
6 consolidation, which discloses that the paid-in capital of
7 the surviving or new corporation immediately after the
8 merger or consolidation is greater than the sum of the
9 paid-in capital of all of the merged or consolidated
10 corporations as last reported by them in any documents,
11 other than annual reports, required by this Act to be filed
12 in the office of the Secretary of State; and in addition,
13 the surviving or new corporation shall be liable for a
14 further additional franchise tax on the paid-in capital of
15 each of the merged or consolidated corporations as last
16 reported by them in any document, other than an annual
17 report, required by this Act to be filed with the Secretary
18 of State from their taxable year end to the next succeeding
19 anniversary month or, in the case of a corporation which
20 has established an extended filing month, the extended
21 filing month of the surviving or new corporation; however
22 if the taxable year ends within the 2-month ~~2-month~~ period
23 immediately preceding the anniversary month or, in the case
24 of a corporation which has established an extended filing
25 month, the extended filing month of the surviving or new
26 corporation the tax will be computed to the anniversary

1 month or, in the case of a corporation which has
2 established an extended filing month, the extended filing
3 month of the surviving or new corporation in the next
4 succeeding calendar year.

5 (d) An annual franchise tax payable each year with the
6 annual report which the corporation is required by this Act
7 to file.

8 ~~(e)~~ On or after January 1, 2020 and prior to January 1,
9 2021, the first \$30 in liability is exempt from the tax imposed
10 under this Section. On or after January 1, 2021 and prior to
11 January 1, 2022, the first \$1,000 in liability is exempt from
12 the tax imposed under this Section. On or after January 1, 2022
13 and prior to January 1, 2023, the first \$10,000 in liability is
14 exempt from the tax imposed under this Section. On or after
15 January 1, 2023 and prior to January 1, 2024, the first
16 \$100,000 in liability is exempt from the tax imposed under this
17 Section. The provisions of this Section shall not require the
18 payment of any franchise tax that would otherwise have been due
19 and payable on or after January 1, 2024. There shall be no
20 refunds or proration of franchise tax for any taxes due and
21 payable on or after January 1, 2024 on the basis that a portion
22 of the corporation's taxable year extends beyond January 1,
23 2024. Public Act 101-9 ~~This amendatory Act of the 101st General~~
24 ~~Assembly~~ shall not affect any right accrued or established, or
25 any liability or penalty incurred prior to January 1, 2024.

26 ~~(f)~~ This Section is repealed on December 31, 2025.

1 (Source: P.A. 101-9, eff. 6-5-19; revised 7-18-19.)