

1 AN ACT in relation to taxes.

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 Section 302 as follows:

6 (35 ILCS 5/302) (from Ch. 120, par. 3-302)

7 Sec. 302. Compensation paid to nonresidents.

8 (a) In general. All items of compensation paid in this  
9 State (as determined under Section 304(a)(2)(B)) to an  
10 individual who is a nonresident at the time of such payment  
11 and all items of deduction directly allocable thereto, shall  
12 be allocated to this State.

13 (b) Reciprocal exemption. The Director may enter into an  
14 agreement with the taxing authorities of any state that which  
15 imposes a tax on or measured by income to provide that  
16 compensation paid in such state to residents of this State  
17 shall be exempt from such tax; in such case, any compensation  
18 paid in this State to residents of such state shall not be  
19 allocated to this State. All reciprocal agreements shall be  
20 subject to the requirements of Section 2505-575 of the  
21 Department of Revenue Law (20 ILCS 2505/2505-575).

22 (c) Cross references.

23 (1) For allocation of amounts received by  
24 nonresidents from certain employee trusts, see Section  
25 301(b)(2).

26 (2) For allocation of compensation by residents,  
27 see Section 301(a).

28 (Source: P.A. 90-491, eff. 1-1-98; 91-239, eff. 1-1-00.)