



Rep. John M. Cabello

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1 AMENDMENT TO HOUSE BILL 1625

2 AMENDMENT NO. _____. Amend House Bill 1625 by replacing
3 everything after the enacting clause with the following:

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

1 subsection (d-1):

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

6 (2) In the case of an individual, trust or estate, for
7 taxable years beginning prior to July 1, 1989 and ending
8 after June 30, 1989, an amount equal to the sum of (i) 2
9 1/2% of the taxpayer's net income for the period prior to
10 July 1, 1989, as calculated under Section 202.3, and (ii)
11 3% of the taxpayer's net income for the period after June
12 30, 1989, as calculated under Section 202.3.

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

17 (4) In the case of an individual, trust, or estate, for
18 taxable years beginning prior to January 1, 2011, and
19 ending after December 31, 2010, an amount equal to the sum
20 of (i) 3% of the taxpayer's net income for the period prior
21 to January 1, 2011, as calculated under Section 202.5, and
22 (ii) 5% of the taxpayer's net income for the period after
23 December 31, 2010, as calculated under Section 202.5.

24 (5) In the case of an individual, trust, or estate, for
25 taxable years beginning on or after January 1, 2011, and
26 ending prior to January 1, 2015, an amount equal to 5% of

1 the taxpayer's net income for the taxable year.

2 (5.1) In the case of an individual, trust, or estate,
3 for taxable years beginning prior to January 1, 2015, and
4 ending after December 31, 2014, an amount equal to the sum
5 of (i) 5% of the taxpayer's net income for the period prior
6 to January 1, 2015, as calculated under Section 202.5, and
7 (ii) 3.75% of the taxpayer's net income for the period
8 after December 31, 2014, as calculated under Section 202.5.

9 (5.2) In the case of an individual, trust, or estate,
10 for taxable years beginning on or after January 1, 2015,
11 and ending prior to January 1, 2025, an amount equal to
12 3.75% of the taxpayer's net income for the taxable year.

13 (5.3) In the case of an individual, trust, or estate,
14 for taxable years beginning prior to January 1, 2025, and
15 ending after December 31, 2024, an amount equal to the sum
16 of (i) 3.75% of the taxpayer's net income for the period
17 prior to January 1, 2025, as calculated under Section
18 202.5, and (ii) 3.25% of the taxpayer's net income for the
19 period after December 31, 2024, as calculated under Section
20 202.5.

21 (5.4) In the case of an individual, trust, or estate,
22 for taxable years beginning on or after January 1, 2025, an
23 amount equal to 3.25% of the taxpayer's net income for the
24 taxable year.

25 (6) In the case of a corporation, for taxable years
26 ending prior to July 1, 1989, an amount equal to 4% of the

1 taxpayer's net income for the taxable year.

2 (7) In the case of a corporation, for taxable years
3 beginning prior to July 1, 1989 and ending after June 30,
4 1989, an amount equal to the sum of (i) 4% of the
5 taxpayer's net income for the period prior to July 1, 1989,
6 as calculated under Section 202.3, and (ii) 4.8% of the
7 taxpayer's net income for the period after June 30, 1989,
8 as calculated under Section 202.3.

9 (8) In the case of a corporation, for taxable years
10 beginning after June 30, 1989, and ending prior to January
11 1, 2011, an amount equal to 4.8% of the taxpayer's net
12 income for the taxable year.

13 (9) In the case of a corporation, for taxable years
14 beginning prior to January 1, 2011, and ending after
15 December 31, 2010, an amount equal to the sum of (i) 4.8%
16 of the taxpayer's net income for the period prior to
17 January 1, 2011, as calculated under Section 202.5, and
18 (ii) 7% of the taxpayer's net income for the period after
19 December 31, 2010, as calculated under Section 202.5.

20 (10) In the case of a corporation, for taxable years
21 beginning on or after January 1, 2011, and ending prior to
22 January 1, 2014, ~~January 1, 2015,~~ an amount equal to 7% of
23 the taxpayer's net income for the taxable year.

24 (11) In the case of a corporation, for taxable years
25 beginning prior to January 1, 2014, ~~January 1, 2015,~~ and
26 ending after December 31, 2013, ~~December 31, 2014,~~ an

1 amount equal to the sum of (i) 7% of the taxpayer's net
2 income for the period prior to January 1, 2014, ~~January 1,~~
3 ~~2015,~~ as calculated under Section 202.5, and (ii) 4.8%
4 ~~5.25%~~ of the taxpayer's net income for the period after
5 December 31, 2013, ~~December 31, 2014,~~ as calculated under
6 Section 202.5.

7 (12) In the case of a corporation, for taxable years
8 beginning on or after January 1, 2014, ~~January 1, 2015,~~ and
9 ~~ending prior to January 1, 2025,~~ an amount equal to 4.8%
10 ~~5.25%~~ of the taxpayer's net income for the taxable year.

11 (13) (Blank). ~~In the case of a corporation, for taxable~~
12 ~~years beginning prior to January 1, 2025, and ending after~~
13 ~~December 31, 2024, an amount equal to the sum of (i) 5.25%~~
14 ~~of the taxpayer's net income for the period prior to~~
15 ~~January 1, 2025, as calculated under Section 202.5, and~~
16 ~~(ii) 4.8% of the taxpayer's net income for the period after~~
17 ~~December 31, 2024, as calculated under Section 202.5.~~

18 (14) (Blank). ~~In the case of a corporation, for taxable~~
19 ~~years beginning on or after January 1, 2025, an amount~~
20 ~~equal to 4.8% of the taxpayer's net income for the taxable~~
21 ~~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) Jobs Tax Credit; River Edge Redevelopment Zone and
26 Foreign Trade Zone or Sub-Zone.

1 (1) A taxpayer conducting a trade or business, for
2 taxable years ending on or after December 31, 2006, in a
3 River Edge Redevelopment Zone or conducting a trade or
4 business in a federally designated Foreign Trade Zone or
5 Sub-Zone shall be allowed a credit against the tax imposed
6 by subsections (a) and (b) of this Section in the amount of
7 \$500 per eligible employee hired to work in the zone during
8 the taxable year.

9 (2) To qualify for the credit:

10 (A) the taxpayer must hire 5 or more eligible
11 employees to work in a River Edge Redevelopment Zone or
12 federally designated Foreign Trade Zone or Sub-Zone
13 during the taxable year;

14 (B) the taxpayer's total employment within the
15 River Edge Redevelopment Zone or federally designated
16 Foreign Trade Zone or Sub-Zone must increase by 5 or
17 more full-time employees beyond the total employed in
18 that zone at the end of the previous tax year for which
19 a jobs tax credit under this Section was taken, or
20 beyond the total employed by the taxpayer as of
21 December 31, 1985, whichever is later; and

22 (C) the eligible employees must be employed 180
23 consecutive days in order to be deemed hired for
24 purposes of this subsection.

25 (3) An "eligible employee" means an employee who is:

26 (A) Certified by the Department of Commerce and

1 Economic Opportunity as "eligible for services"
2 pursuant to regulations promulgated in accordance with
3 Title II of the Job Training Partnership Act, Training
4 Services for the Disadvantaged or Title III of the Job
5 Training Partnership Act, Employment and Training
6 Assistance for Dislocated Workers Program.

7 (B) Hired after the River Edge Redevelopment Zone
8 or federally designated Foreign Trade Zone or Sub-Zone
9 was designated or the trade or business was located in
10 that zone, whichever is later.

11 (C) Employed in the River Edge Redevelopment Zone
12 or Foreign Trade Zone or Sub-Zone. An employee is
13 employed in a federally designated Foreign Trade Zone
14 or Sub-Zone if his services are rendered there or it is
15 the base of operations for the services performed.

16 (D) A full-time employee working 30 or more hours
17 per week.

18 (4) For tax years ending on or after December 31, 1985
19 and prior to December 31, 1988, the credit shall be allowed
20 for the tax year in which the eligible employees are hired.
21 For tax years ending on or after December 31, 1988, the
22 credit shall be allowed for the tax year immediately
23 following the tax year in which the eligible employees are
24 hired. If the amount of the credit exceeds the tax
25 liability for that year, whether it exceeds the original
26 liability or the liability as later amended, such excess

1 may be carried forward and applied to the tax liability of
2 the 5 taxable years following the excess credit year. The
3 credit shall be applied to the earliest year for which
4 there is a liability. If there is credit from more than one
5 tax year that is available to offset a liability, earlier
6 credit shall be applied first.

7 (5) The Department of Revenue shall promulgate such
8 rules and regulations as may be deemed necessary to carry
9 out the purposes of this subsection (g).

10 (6) The credit shall be available for eligible
11 employees hired on or after January 1, 1986.

12 (h) Investment credit; High Impact Business.

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

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

26 Changes made in this subdivision (h) (1) by Public Act

1 88-670 restore changes made by Public Act 85-1182 and
2 reflect existing law.

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

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

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

11 (C) is acquired by purchase as defined in Section
12 179(d) of the Internal Revenue Code; and

13 (D) is not eligible for the Enterprise Zone
14 Investment Credit provided by subsection (f) of this
15 Section.

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

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

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

1 (6) If during any taxable year ending on or before
2 December 31, 1996, any property ceases to be qualified
3 property in the hands of the taxpayer within 48 months
4 after being placed in service, or the situs of any
5 qualified property is moved outside Illinois within 48
6 months after being placed in service, the tax imposed under
7 subsections (a) and (b) of this Section for such taxable
8 year shall be increased. Such increase shall be determined
9 by (i) recomputing the investment credit which would have
10 been allowed for the year in which credit for such property
11 was originally allowed by eliminating such property from
12 such computation, and (ii) subtracting such recomputed
13 credit from the amount of credit previously allowed. For
14 the purposes of this paragraph (6), a reduction of the
15 basis of qualified property resulting from a
16 redetermination of the purchase price shall be deemed a
17 disposition of qualified property to the extent of such
18 reduction.

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

1 facility by an amount equal to the amount of credit
2 received by the taxpayer under this subsection (h).

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

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

1 If, during any taxable year ending on or after December 31,
2 1986, the tax imposed by subsections (c) and (d) of this
3 Section for which a taxpayer has claimed a credit under this
4 subsection (i) is reduced, the amount of credit for such tax
5 shall also be reduced. Such reduction shall be determined by
6 recomputing the credit to take into account the reduced tax
7 imposed by subsections (c) and (d). If any portion of the
8 reduced amount of credit has been carried to a different
9 taxable year, an amended return shall be filed for such taxable
10 year to reduce the amount of credit claimed.

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

1 with the determination of income and distributive share of
2 income under Sections 702 and 704 and subchapter S of the
3 Internal Revenue Code.

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

14 (k) Research and development credit. For tax years ending
15 after July 1, 1990 and prior to December 31, 2003, and
16 beginning again for tax years ending on or after December 31,
17 2004, and ending prior to January 1, 2016, a taxpayer shall be
18 allowed a credit against the tax imposed by subsections (a) and
19 (b) of this Section for increasing research activities in this
20 State. The credit allowed against the tax imposed by
21 subsections (a) and (b) shall be equal to 6 1/2% of the
22 qualifying expenditures for increasing research activities in
23 this State. For partners, shareholders of subchapter S
24 corporations, and owners of limited liability companies, if the
25 liability company is treated as a partnership for purposes of
26 federal and State income taxation, there shall be allowed a

1 credit under this subsection to be determined in accordance
2 with the determination of income and distributive share of
3 income under Sections 702 and 704 and subchapter S of the
4 Internal Revenue Code.

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

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

26 If an unused credit is carried forward to a given year from

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

12 No inference shall be drawn from this amendatory Act of the
13 91st General Assembly in construing this Section for taxable
14 years beginning before January 1, 1999.

15 (1) Environmental Remediation Tax Credit.

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

1 Agency and recorded under Section 58.10 of the
2 Environmental Protection Act. The credit must be claimed
3 for the taxable year in which Agency approval of the
4 eligible remediation costs is granted. The credit is not
5 available to any taxpayer if the taxpayer or any related
6 party caused or contributed to, in any material respect, a
7 release of regulated substances on, in, or under the site
8 that was identified and addressed by the remedial action
9 pursuant to the Site Remediation Program of the
10 Environmental Protection Act. After the Pollution Control
11 Board rules are adopted pursuant to the Illinois
12 Administrative Procedure Act for the administration and
13 enforcement of Section 58.9 of the Environmental
14 Protection Act, determinations as to credit availability
15 for purposes of this Section shall be made consistent with
16 those rules. For purposes of this Section, "taxpayer"
17 includes a person whose tax attributes the taxpayer has
18 succeeded to under Section 381 of the Internal Revenue Code
19 and "related party" includes the persons disallowed a
20 deduction for losses by paragraphs (b), (c), and (f)(1) of
21 Section 267 of the Internal Revenue Code by virtue of being
22 a related taxpayer, as well as any of its partners. The
23 credit allowed against the tax imposed by subsections (a)
24 and (b) shall be equal to 25% of the unreimbursed eligible
25 remediation costs in excess of \$100,000 per site, except
26 that the \$100,000 threshold shall not apply to any site

1 contained in an enterprise zone as determined by the
2 Department of Commerce and Community Affairs (now
3 Department of Commerce and Economic Opportunity). The
4 total credit allowed shall not exceed \$40,000 per year with
5 a maximum total of \$150,000 per site. For partners and
6 shareholders of subchapter S corporations, there shall be
7 allowed a credit under this subsection to be determined in
8 accordance with the determination of income and
9 distributive share of income under Sections 702 and 704 and
10 subchapter S of the Internal Revenue Code.

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

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

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

13 (m) Education expense credit. Beginning with tax years
14 ending after December 31, 1999, a taxpayer who is the custodian
15 of one or more qualifying pupils shall be allowed a credit
16 against the tax imposed by subsections (a) and (b) of this
17 Section for qualified education expenses incurred on behalf of
18 the qualifying pupils. The credit shall be equal to 25% of
19 qualified education expenses, but in no event may the total
20 credit under this subsection claimed by a family that is the
21 custodian of qualifying pupils exceed \$500. In no event shall a
22 credit under this subsection reduce the taxpayer's liability
23 under this Act to less than zero. This subsection is exempt
24 from the provisions of Section 250 of this Act.

25 For purposes of this subsection:

26 "Qualifying pupils" means individuals who (i) are

1 residents of the State of Illinois, (ii) are under the age of
2 21 at the close of the school year for which a credit is
3 sought, and (iii) during the school year for which a credit is
4 sought were full-time pupils enrolled in a kindergarten through
5 twelfth grade education program at any school, as defined in
6 this subsection.

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

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

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

21 (n) River Edge Redevelopment Zone site remediation tax
22 credit.

23 (i) For tax years ending on or after December 31, 2006,
24 a taxpayer shall be allowed a credit against the tax
25 imposed by subsections (a) and (b) of this Section for
26 certain amounts paid for unreimbursed eligible remediation

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

1 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
2 Code by virtue of being a related taxpayer, as well as any
3 of its partners. The credit allowed against the tax imposed
4 by subsections (a) and (b) shall be equal to 25% of the
5 unreimbursed eligible remediation costs in excess of
6 \$100,000 per site.

7 (ii) A credit allowed under this subsection that is
8 unused in the year the credit is earned may be carried
9 forward to each of the 5 taxable years following the year
10 for which the credit is first earned until it is used. This
11 credit shall be applied first to the earliest year for
12 which there is a liability. If there is a credit under this
13 subsection from more than one tax year that is available to
14 offset a liability, the earliest credit arising under this
15 subsection shall be applied first. A credit allowed under
16 this subsection may be sold to a buyer as part of a sale of
17 all or part of the remediation site for which the credit
18 was granted. The purchaser of a remediation site and the
19 tax credit shall succeed to the unused credit and remaining
20 carry-forward period of the seller. To perfect the
21 transfer, the assignor shall record the transfer in the
22 chain of title for the site and provide written notice to
23 the Director of the Illinois Department of Revenue of the
24 assignor's intent to sell the remediation site and the
25 amount of the tax credit to be transferred as a portion of
26 the sale. In no event may a credit be transferred to any

1 taxpayer if the taxpayer or a related party would not be
2 eligible under the provisions of subsection (i).

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

6 (Source: P.A. 96-115, eff. 7-31-09; 96-116, eff. 7-31-09;
7 96-937, eff. 6-23-10; 96-1000, eff. 7-2-10; 96-1496, eff.
8 1-13-11; 97-2, eff. 5-6-11; 97-636, eff. 6-1-12; 97-905, eff.
9 8-7-12.)

10 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

11 Sec. 901. Collection Authority.

12 (a) In general.

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

1 the State Treasury, or to the State Disbursement Unit
2 established under Section 10-26 of the Illinois Public Aid
3 Code, as directed by the Department of Healthcare and Family
4 Services.

5 (b) Local Government Distributive Fund.

6 Beginning August 1, 1969, and continuing through June 30,
7 1994, the Treasurer shall transfer each month from the General
8 Revenue Fund to a special fund in the State treasury, to be
9 known as the "Local Government Distributive Fund", an amount
10 equal to 1/12 of the net revenue realized from the tax imposed
11 by subsections (a) and (b) of Section 201 of this Act during
12 the preceding month. Beginning July 1, 1994, and continuing
13 through June 30, 1995, the Treasurer shall transfer each month
14 from the General Revenue Fund to the Local Government
15 Distributive Fund an amount equal to 1/11 of the net revenue
16 realized from the tax imposed by subsections (a) and (b) of
17 Section 201 of this Act during the preceding month. Beginning
18 July 1, 1995 and continuing through January 31, 2011, the
19 Treasurer shall transfer each month from the General Revenue
20 Fund to the Local Government Distributive Fund an amount equal
21 to the net of (i) 1/10 of the net revenue realized from the tax
22 imposed by subsections (a) and (b) of Section 201 of the
23 Illinois Income Tax Act during the preceding month (ii) minus,
24 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,
25 and beginning July 1, 2004, zero. Beginning February 1, 2011,
26 and continuing through January 31, 2014 ~~January 31, 2015~~, the

1 Treasurer shall transfer each month from the General Revenue
2 Fund to the Local Government Distributive Fund an amount equal
3 to the sum of (i) 6% (10% of the ratio of the 3% individual
4 income tax rate prior to 2011 to the 5% individual income tax
5 rate after 2010) of the net revenue realized from the tax
6 imposed by subsections (a) and (b) of Section 201 of this Act
7 upon individuals, trusts, and estates during the preceding
8 month and (ii) 6.86% (10% of the ratio of the 4.8% corporate
9 income tax rate prior to 2011 to the 7% corporate income tax
10 rate after 2010) of the net revenue realized from the tax
11 imposed by subsections (a) and (b) of Section 201 of this Act
12 upon corporations during the preceding month. Beginning
13 February 1, 2014, and continuing through January 31, 2015, the
14 Treasurer shall transfer each month from the General Revenue
15 Fund to the Local Government Distributive Fund an amount equal
16 to the sum of (i) 6% (10% of the ratio of the 3% individual
17 income tax rate prior to 2011 to the 5% individual income tax
18 rate after 2010) of the net revenue realized from the tax
19 imposed by subsections (a) and (b) of Section 201 of this Act
20 upon individuals, trusts, and estates during the preceding
21 month and (ii) 10% of the net revenue realized from the tax
22 imposed by subsections (a) and (b) of Section 201 of this Act
23 upon corporations during the preceding month. Beginning
24 February 1, 2015 and continuing through January 31, 2025, the
25 Treasurer shall transfer each month from the General Revenue
26 Fund to the Local Government Distributive Fund an amount equal

1 to the sum of (i) 8% (10% of the ratio of the 3% individual
2 income tax rate prior to 2011 to the 3.75% individual income
3 tax rate after 2014) of the net revenue realized from the tax
4 imposed by subsections (a) and (b) of Section 201 of this Act
5 upon individuals, trusts, and estates during the preceding
6 month and (ii) 10% ~~9.14%~~ ~~(10% of the ratio of the 4.8%~~
7 ~~corporate income tax rate prior to 2011 to the 5.25% corporate~~
8 ~~income tax rate after 2014)~~ of the net revenue realized from
9 the tax imposed by subsections (a) and (b) of Section 201 of
10 this Act upon corporations during the preceding month.
11 Beginning February 1, 2025, the Treasurer shall transfer each
12 month from the General Revenue Fund to the Local Government
13 Distributive Fund an amount equal to the sum of (i) 9.23% (10%
14 of the ratio of the 3% individual income tax rate prior to 2011
15 to the 3.25% individual income tax rate after 2024) of the net
16 revenue realized from the tax imposed by subsections (a) and
17 (b) of Section 201 of this Act upon individuals, trusts, and
18 estates during the preceding month and (ii) 10% of the net
19 revenue realized from the tax imposed by subsections (a) and
20 (b) of Section 201 of this Act upon corporations during the
21 preceding month. Net revenue realized for a month shall be
22 defined as the revenue from the tax imposed by subsections (a)
23 and (b) of Section 201 of this Act which is deposited in the
24 General Revenue Fund, the Education Assistance Fund, the Income
25 Tax Surcharge Local Government Distributive Fund, the Fund for
26 the Advancement of Education, and the Commitment to Human

1 Services Fund during the month minus the amount paid out of the
2 General Revenue Fund in State warrants during that same month
3 as refunds to taxpayers for overpayment of liability under the
4 tax imposed by subsections (a) and (b) of Section 201 of this
5 Act.

6 (c) Deposits Into Income Tax Refund Fund.

7 (1) Beginning on January 1, 1989 and thereafter, the
8 Department shall deposit a percentage of the amounts
9 collected pursuant to subsections (a) and (b) (1), (2), and
10 (3), of Section 201 of this Act into a fund in the State
11 treasury known as the Income Tax Refund Fund. The
12 Department shall deposit 6% of such amounts during the
13 period beginning January 1, 1989 and ending on June 30,
14 1989. Beginning with State fiscal year 1990 and for each
15 fiscal year thereafter, the percentage deposited into the
16 Income Tax Refund Fund during a fiscal year shall be the
17 Annual Percentage. For fiscal years 1999 through 2001, the
18 Annual Percentage shall be 7.1%. For fiscal year 2003, the
19 Annual Percentage shall be 8%. For fiscal year 2004, the
20 Annual Percentage shall be 11.7%. Upon the effective date
21 of this amendatory Act of the 93rd General Assembly, the
22 Annual Percentage shall be 10% for fiscal year 2005. For
23 fiscal year 2006, the Annual Percentage shall be 9.75%. For
24 fiscal year 2007, the Annual Percentage shall be 9.75%. For
25 fiscal year 2008, the Annual Percentage shall be 7.75%. For
26 fiscal year 2009, the Annual Percentage shall be 9.75%. For

1 fiscal year 2010, the Annual Percentage shall be 9.75%. For
2 fiscal year 2011, the Annual Percentage shall be 8.75%. For
3 fiscal year 2012, the Annual Percentage shall be 8.75%. For
4 fiscal year 2013, the Annual Percentage shall be 9.75%. For
5 all other fiscal years, the Annual Percentage shall be
6 calculated as a fraction, the numerator of which shall be
7 the amount of refunds approved for payment by the
8 Department during the preceding fiscal year as a result of
9 overpayment of tax liability under subsections (a) and
10 (b) (1), (2), and (3) of Section 201 of this Act plus the
11 amount of such refunds remaining approved but unpaid at the
12 end of the preceding fiscal year, minus the amounts
13 transferred into the Income Tax Refund Fund from the
14 Tobacco Settlement Recovery Fund, and the denominator of
15 which shall be the amounts which will be collected pursuant
16 to subsections (a) and (b) (1), (2), and (3) of Section 201
17 of this Act during the preceding fiscal year; except that
18 in State fiscal year 2002, the Annual Percentage shall in
19 no event exceed 7.6%. The Director of Revenue shall certify
20 the Annual Percentage to the Comptroller on the last
21 business day of the fiscal year immediately preceding the
22 fiscal year for which it is to be effective.

23 (2) Beginning on January 1, 1989 and thereafter, the
24 Department shall deposit a percentage of the amounts
25 collected pursuant to subsections (a) and (b) (6), (7), and
26 (8), (c) and (d) of Section 201 of this Act into a fund in

1 the State treasury known as the Income Tax Refund Fund. The
2 Department shall deposit 18% of such amounts during the
3 period beginning January 1, 1989 and ending on June 30,
4 1989. Beginning with State fiscal year 1990 and for each
5 fiscal year thereafter, the percentage deposited into the
6 Income Tax Refund Fund during a fiscal year shall be the
7 Annual Percentage. For fiscal years 1999, 2000, and 2001,
8 the Annual Percentage shall be 19%. For fiscal year 2003,
9 the Annual Percentage shall be 27%. For fiscal year 2004,
10 the Annual Percentage shall be 32%. Upon the effective date
11 of this amendatory Act of the 93rd General Assembly, the
12 Annual Percentage shall be 24% for fiscal year 2005. For
13 fiscal year 2006, the Annual Percentage shall be 20%. For
14 fiscal year 2007, the Annual Percentage shall be 17.5%. For
15 fiscal year 2008, the Annual Percentage shall be 15.5%. For
16 fiscal year 2009, the Annual Percentage shall be 17.5%. For
17 fiscal year 2010, the Annual Percentage shall be 17.5%. For
18 fiscal year 2011, the Annual Percentage shall be 17.5%. For
19 fiscal year 2012, the Annual Percentage shall be 17.5%. For
20 fiscal year 2013, the Annual Percentage shall be 14%. For
21 all other fiscal years, the Annual Percentage shall be
22 calculated as a fraction, the numerator of which shall be
23 the amount of refunds approved for payment by the
24 Department during the preceding fiscal year as a result of
25 overpayment of tax liability under subsections (a) and
26 (b) (6), (7), and (8), (c) and (d) of Section 201 of this

1 Act plus the amount of such refunds remaining approved but
2 unpaid at the end of the preceding fiscal year, and the
3 denominator of which shall be the amounts which will be
4 collected pursuant to subsections (a) and (b) (6), (7), and
5 (8), (c) and (d) 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 23%.
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 (3) The Comptroller shall order transferred and the
13 Treasurer shall transfer from the Tobacco Settlement
14 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
15 in January, 2001, (ii) \$35,000,000 in January, 2002, and
16 (iii) \$35,000,000 in January, 2003.

17 (d) Expenditures from Income Tax Refund Fund.

18 (1) Beginning January 1, 1989, money in the Income Tax
19 Refund Fund shall be expended exclusively for the purpose
20 of paying refunds resulting from overpayment of tax
21 liability under Section 201 of this Act, for paying rebates
22 under Section 208.1 in the event that the amounts in the
23 Homeowners' Tax Relief Fund are insufficient for that
24 purpose, and for making transfers pursuant to this
25 subsection (d).

26 (2) The Director shall order payment of refunds

1 resulting from overpayment of tax liability under Section
2 201 of this Act from the Income Tax Refund Fund only to the
3 extent that amounts collected pursuant to Section 201 of
4 this Act and transfers pursuant to this subsection (d) and
5 item (3) of subsection (c) have been deposited and retained
6 in the Fund.

7 (3) 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 Income Tax Refund Fund to the Personal Property Tax
11 Replacement Fund an amount, certified by the Director to
12 the Comptroller, equal to the excess of the amount
13 collected pursuant to subsections (c) and (d) of Section
14 201 of this Act deposited into the Income Tax Refund Fund
15 during the fiscal year over the amount of refunds resulting
16 from overpayment of tax liability under subsections (c) and
17 (d) of Section 201 of this Act paid from the Income Tax
18 Refund Fund during the fiscal year.

19 (4) As soon as possible after the end of each fiscal
20 year, the Director shall order transferred and the State
21 Treasurer and State Comptroller shall transfer from the
22 Personal Property Tax Replacement Fund to the Income Tax
23 Refund Fund an amount, certified by the Director to the
24 Comptroller, equal to the excess of the amount of refunds
25 resulting from overpayment of tax liability under
26 subsections (c) and (d) of Section 201 of this Act paid

1 from the Income Tax Refund Fund during the fiscal year over
2 the amount collected pursuant to subsections (c) and (d) of
3 Section 201 of this Act deposited into the Income Tax
4 Refund Fund during the fiscal year.

5 (4.5) As soon as possible after the end of fiscal year
6 1999 and of each fiscal year thereafter, the Director shall
7 order transferred and the State Treasurer and State
8 Comptroller shall transfer from the Income Tax Refund Fund
9 to the General Revenue Fund any surplus remaining in the
10 Income Tax Refund Fund as of the end of such fiscal year;
11 excluding for fiscal years 2000, 2001, and 2002 amounts
12 attributable to transfers under item (3) of subsection (c)
13 less refunds resulting from the earned income tax credit.

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

18 (e) Deposits into the Education Assistance Fund and the
19 Income Tax Surcharge Local Government Distributive Fund.

20 On July 1, 1991, and thereafter, of the amounts collected
21 pursuant to subsections (a) and (b) of Section 201 of this Act,
22 minus deposits into the Income Tax Refund Fund, the Department
23 shall deposit 7.3% into the Education Assistance Fund in the
24 State Treasury. Beginning July 1, 1991, and continuing through
25 January 31, 1993, of the amounts collected pursuant to
26 subsections (a) and (b) of Section 201 of the Illinois Income

1 Tax Act, minus deposits into the Income Tax Refund Fund, the
2 Department shall deposit 3.0% into the Income Tax Surcharge
3 Local Government Distributive Fund in the State Treasury.
4 Beginning February 1, 1993 and continuing through June 30,
5 1993, of the amounts collected pursuant to subsections (a) and
6 (b) of Section 201 of the Illinois Income Tax Act, minus
7 deposits into the Income Tax Refund Fund, the Department shall
8 deposit 4.4% into the Income Tax Surcharge Local Government
9 Distributive Fund in the State Treasury. Beginning July 1,
10 1993, and continuing through June 30, 1994, of the amounts
11 collected under subsections (a) and (b) of Section 201 of this
12 Act, minus deposits into the Income Tax Refund Fund, the
13 Department shall deposit 1.475% into the Income Tax Surcharge
14 Local Government Distributive Fund in the State Treasury.

15 (f) Deposits into the Fund for the Advancement of
16 Education. Beginning February 1, 2015, the Department shall
17 deposit the following portions of the revenue realized from the
18 tax imposed upon individuals, trusts, and estates by
19 subsections (a) and (b) of Section 201 of this Act during the
20 preceding month, minus deposits into the Income Tax Refund
21 Fund, into the Fund for the Advancement of Education:

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

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

25 If the rate of tax imposed by subsection (a) and (b) of
26 Section 201 is reduced pursuant to Section 201.5 of this Act,

1 the Department shall not make the deposits required by this
2 subsection (f) on or after the effective date of the reduction.

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

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 (g) on or after the effective date of the reduction.

17 (Source: P.A. 96-45, eff. 7-15-09; 96-328, eff. 8-11-09;
18 96-959, eff. 7-1-10; 96-1496, eff. 1-13-11; 97-72, eff. 7-1-11;
19 97-732, eff. 6-30-12.)

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