

HB2917



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB2917

by Rep. Jerry F. Costello, II

SYNOPSIS AS INTRODUCED:

35 ILCS 5/201
35 ILCS 5/901

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

Amends the Illinois Income Tax Act. Reduces the rate of tax on corporations to 4.8% for taxable years beginning on or after January 1, 2013. Makes corresponding changes concerning transfers from the General Revenue Fund to the Local Government Distributive Fund. Effective immediately.

LRB098 06253 HLH 36294 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

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

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

7 Sec. 201. Tax Imposed.

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

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

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

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

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

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

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

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

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

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

2 (5.2) In the case of an individual, trust, or estate,
3 for taxable years beginning on or after January 1, 2015,
4 and ending prior to January 1, 2025, an amount equal to
5 3.75% 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 January 1, 2025, and
8 ending after December 31, 2024, an amount equal to the sum
9 of (i) 3.75% of the taxpayer's net income for the period
10 prior to January 1, 2025, as calculated under Section
11 202.5, and (ii) 3.25% of the taxpayer's net income for the
12 period after December 31, 2024, as calculated under Section
13 202.5.

14 (5.4) In the case of an individual, trust, or estate,
15 for taxable years beginning on or after January 1, 2025, an
16 amount equal to 3.25% of the taxpayer's net income for the
17 taxable year.

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

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

1 as calculated under Section 202.3.

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

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

13 (10) In the case of a corporation, for taxable years
14 beginning on or after January 1, 2011, and ending prior to
15 January 1, 2013 ~~January 1, 2015~~, an amount equal to 7% of
16 the taxpayer's net income for the taxable year.

17 (11) In the case of a corporation, for taxable years
18 beginning prior to January 1, 2013 ~~January 1, 2015~~, and
19 ending after December 31, 2012 ~~December 31, 2014~~, an amount
20 equal to the sum of (i) 7% of the taxpayer's net income for
21 the period prior to January 1, 2013 ~~January 1, 2015~~, as
22 calculated under Section 202.5, and (ii) 4.8% ~~5.25%~~ of the
23 taxpayer's net income for the period after December 31,
24 2012 ~~December 31, 2014~~, as calculated under Section 202.5.

25 (12) In the case of a corporation, for taxable years
26 beginning on or after January 1, 2013 ~~January 1, 2015~~, and

1 ~~ending prior to January 1, 2025,~~ an amount equal to 4.8%
2 ~~5.25%~~ of the taxpayer's net income for the taxable year.

3 (13) (Blank). ~~In the case of a corporation, for taxable~~
4 ~~years beginning prior to January 1, 2025, and ending after~~
5 ~~December 31, 2024, an amount equal to the sum of (i) 5.25%~~
6 ~~of the taxpayer's net income for the period prior to~~
7 ~~January 1, 2025, as calculated under Section 202.5, and~~
8 ~~(ii) 4.8% of the taxpayer's net income for the period after~~
9 ~~December 31, 2024, as calculated under Section 202.5.~~

10 (14) (Blank). ~~In the case of a corporation, for taxable~~
11 ~~years beginning on or after January 1, 2025, an amount~~
12 ~~equal to 4.8% of the taxpayer's net income for the taxable~~
13 ~~year.~~

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

16 (c) Personal Property Tax Replacement Income Tax.
17 Beginning on July 1, 1979 and thereafter, in addition to such
18 income tax, there is also hereby imposed the Personal Property
19 Tax Replacement Income Tax measured by net income on every
20 corporation (including Subchapter S corporations), partnership
21 and trust, for each taxable year ending after June 30, 1979.
22 Such taxes are imposed on the privilege of earning or receiving
23 income in or as a resident of this State. The Personal Property
24 Tax Replacement Income Tax shall be in addition to the income
25 tax imposed by subsections (a) and (b) of this Section and in
26 addition to all other occupation or privilege taxes imposed by

1 this State or by any municipal corporation or political
2 subdivision thereof.

3 (d) Additional Personal Property Tax Replacement Income
4 Tax Rates. The personal property tax replacement income tax
5 imposed by this subsection and subsection (c) of this Section
6 in the case of a corporation, other than a Subchapter S
7 corporation and except as adjusted by subsection (d-1), shall
8 be an additional amount equal to 2.85% of such taxpayer's net
9 income for the taxable year, except that beginning on January
10 1, 1981, and thereafter, the rate of 2.85% specified in this
11 subsection shall be reduced to 2.5%, and in the case of a
12 partnership, trust or a Subchapter S corporation shall be an
13 additional amount equal to 1.5% of such taxpayer's net income
14 for the taxable year.

15 (d-1) Rate reduction for certain foreign insurers. In the
16 case of a foreign insurer, as defined by Section 35A-5 of the
17 Illinois Insurance Code, whose state or country of domicile
18 imposes on insurers domiciled in Illinois a retaliatory tax
19 (excluding any insurer whose premiums from reinsurance assumed
20 are 50% or more of its total insurance premiums as determined
21 under paragraph (2) of subsection (b) of Section 304, except
22 that for purposes of this determination premiums from
23 reinsurance do not include premiums from inter-affiliate
24 reinsurance arrangements), beginning with taxable years ending
25 on or after December 31, 1999, the sum of the rates of tax
26 imposed by subsections (b) and (d) shall be reduced (but not

1 increased) to the rate at which the total amount of tax imposed
2 under this Act, net of all credits allowed under this Act,
3 shall equal (i) the total amount of tax that would be imposed
4 on the foreign insurer's net income allocable to Illinois for
5 the taxable year by such foreign insurer's state or country of
6 domicile if that net income were subject to all income taxes
7 and taxes measured by net income imposed by such foreign
8 insurer's state or country of domicile, net of all credits
9 allowed or (ii) a rate of zero if no such tax is imposed on such
10 income by the foreign insurer's state of domicile. For the
11 purposes of this subsection (d-1), an inter-affiliate includes
12 a mutual insurer under common management.

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

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

19 (B) the privilege tax imposed by Section 409 of the
20 Illinois Insurance Code, the fire insurance company
21 tax imposed by Section 12 of the Fire Investigation
22 Act, and the fire department taxes imposed under
23 Section 11-10-1 of the Illinois Municipal Code,
24 equals 1.25% for taxable years ending prior to December 31,
25 2003, or 1.75% for taxable years ending on or after
26 December 31, 2003, of the net taxable premiums written for

1 the taxable year, as described by subsection (1) of Section
2 409 of the Illinois Insurance Code. This paragraph will in
3 no event increase the rates imposed under subsections (b)
4 and (d).

5 (2) Any reduction in the rates of tax imposed by this
6 subsection shall be applied first against the rates imposed
7 by subsection (b) and only after the tax imposed by
8 subsection (a) net of all credits allowed under this
9 Section other than the credit allowed under subsection (i)
10 has been reduced to zero, against the rates imposed by
11 subsection (d).

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

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

17 (1) A taxpayer shall be allowed a credit equal to .5%
18 of the basis of qualified property placed in service during
19 the taxable year, provided such property is placed in
20 service on or after July 1, 1984. There shall be allowed an
21 additional credit equal to .5% of the basis of qualified
22 property placed in service during the taxable year,
23 provided such property is placed in service on or after
24 July 1, 1986, and the taxpayer's base employment within
25 Illinois has increased by 1% or more over the preceding
26 year as determined by the taxpayer's employment records

1 filed with the Illinois Department of Employment Security.
2 Taxpayers who are new to Illinois shall be deemed to have
3 met the 1% growth in base employment for the first year in
4 which they file employment records with the Illinois
5 Department of Employment Security. The provisions added to
6 this Section by Public Act 85-1200 (and restored by Public
7 Act 87-895) shall be construed as declaratory of existing
8 law and not as a new enactment. If, in any year, the
9 increase in base employment within Illinois over the
10 preceding year is less than 1%, the additional credit shall
11 be limited to that percentage times a fraction, the
12 numerator of which is .5% and the denominator of which is
13 1%, but shall not exceed .5%. The investment credit shall
14 not be allowed to the extent that it would reduce a
15 taxpayer's liability in any tax year below zero, nor may
16 any credit for qualified property be allowed for any year
17 other than the year in which the property was placed in
18 service in Illinois. For tax years ending on or after
19 December 31, 1987, and on or before December 31, 1988, the
20 credit shall be allowed for the tax year in which the
21 property is placed in service, or, if the amount of the
22 credit exceeds the tax liability for that year, whether it
23 exceeds the original liability or the liability as later
24 amended, such excess may be carried forward and applied to
25 the tax liability of the 5 taxable years following the
26 excess credit years if the taxpayer (i) makes investments

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

23 (2) The term "qualified property" means property
24 which:

25 (A) is tangible, whether new or used, including
26 buildings and structural components of buildings and

1 signs that are real property, but not including land or
2 improvements to real property that are not a structural
3 component of a building such as landscaping, sewer
4 lines, local access roads, fencing, parking lots, and
5 other appurtenances;

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 (e);

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

13 (D) is used in Illinois by a taxpayer who is
14 primarily engaged in manufacturing, or in mining coal
15 or fluorite, or in retailing, or was placed in service
16 on or after July 1, 2006 in a River Edge Redevelopment
17 Zone established pursuant to the River Edge
18 Redevelopment Zone Act; and

19 (E) has not previously been used in Illinois in
20 such a manner and by such a person as would qualify for
21 the credit provided by this subsection (e) or
22 subsection (f).

23 (3) For purposes of this subsection (e),
24 "manufacturing" means the material staging and production
25 of tangible personal property by procedures commonly
26 regarded as manufacturing, processing, fabrication, or

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

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

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

26 (7) 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 Illinois within 48
4 months after being placed in service, the Personal Property
5 Tax Replacement Income Tax for such taxable year shall be
6 increased. Such increase shall be determined by (i)
7 recomputing the investment credit which would have been
8 allowed for the year in which credit for such property was
9 originally allowed by eliminating such property from such
10 computation and, (ii) subtracting such recomputed credit
11 from the amount of credit previously allowed. For the
12 purposes of this paragraph (7), a reduction of the basis of
13 qualified property resulting from a redetermination of the
14 purchase price shall be deemed a disposition of qualified
15 property to the extent of such reduction.

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

21 (9) Each taxable year ending before December 31, 2000,
22 a partnership may elect to pass through to its partners the
23 credits to which the partnership is entitled under this
24 subsection (e) for the taxable year. A partner may use the
25 credit allocated to him or her under this paragraph only
26 against the tax imposed in subsections (c) and (d) of this

1 Section. If the partnership makes that election, those
2 credits shall be allocated among the partners in the
3 partnership in accordance with the rules set forth in
4 Section 704(b) of the Internal Revenue Code, and the rules
5 promulgated under that Section, and the allocated amount of
6 the credits shall be allowed to the partners for that
7 taxable year. The partnership shall make this election on
8 its Personal Property Tax Replacement Income Tax return for
9 that taxable year. The election to pass through the credits
10 shall be irrevocable.

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

25 (f) Investment credit; Enterprise Zone; River Edge
26 Redevelopment Zone.

1 (1) A taxpayer shall be allowed a credit against the
2 tax imposed by subsections (a) and (b) of this Section for
3 investment in qualified property which is placed in service
4 in an Enterprise Zone created pursuant to the Illinois
5 Enterprise Zone Act or, for property placed in service on
6 or after July 1, 2006, a River Edge Redevelopment Zone
7 established pursuant to the River Edge Redevelopment Zone
8 Act. For partners, shareholders of Subchapter S
9 corporations, and owners of limited liability companies,
10 if the liability company is treated as a partnership for
11 purposes of federal and State income taxation, there shall
12 be allowed a credit under this subsection (f) to be
13 determined in accordance with the determination of income
14 and distributive share of income under Sections 702 and 704
15 and Subchapter S of the Internal Revenue Code. The credit
16 shall be .5% of the basis for such property. The credit
17 shall be available only in the taxable year in which the
18 property is placed in service in the Enterprise Zone or
19 River Edge Redevelopment Zone and shall not be allowed to
20 the extent that it would reduce a taxpayer's liability for
21 the tax imposed by subsections (a) and (b) of this Section
22 to below zero. For tax years ending on or after December
23 31, 1985, the credit shall be allowed for the tax year in
24 which the property is placed in service, or, if the amount
25 of the credit exceeds the tax liability for that year,
26 whether it exceeds the original liability or the liability

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

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

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

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

16 (C) is acquired by purchase as defined in Section
17 179(d) of the Internal Revenue Code;

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

20 (E) has not been previously used in Illinois in
21 such a manner and by such a person as would qualify for
22 the credit provided by this subsection (f) or
23 subsection (e).

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

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

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

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

26 (7) There shall be allowed an additional credit equal

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

17 (g) Jobs Tax Credit; River Edge Redevelopment Zone and
18 Foreign Trade Zone or Sub-Zone.

19 (1) A taxpayer conducting a trade or business, for
20 taxable years ending on or after December 31, 2006, in a
21 River Edge Redevelopment Zone or conducting a trade or
22 business in a federally designated Foreign Trade Zone or
23 Sub-Zone shall be allowed a credit against the tax imposed
24 by subsections (a) and (b) of this Section in the amount of
25 \$500 per eligible employee hired to work in the zone during
26 the taxable year.

1 (2) To qualify for the credit:

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

6 (B) the taxpayer's total employment within the
7 River Edge Redevelopment Zone or federally designated
8 Foreign Trade Zone or Sub-Zone must increase by 5 or
9 more full-time employees beyond the total employed in
10 that zone at the end of the previous tax year for which
11 a jobs tax credit under this Section was taken, or
12 beyond the total employed by the taxpayer as of
13 December 31, 1985, whichever is later; and

14 (C) the eligible employees must be employed 180
15 consecutive days in order to be deemed hired for
16 purposes of this subsection.

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

18 (A) Certified by the Department of Commerce and
19 Economic Opportunity as "eligible for services"
20 pursuant to regulations promulgated in accordance with
21 Title II of the Job Training Partnership Act, Training
22 Services for the Disadvantaged or Title III of the Job
23 Training Partnership Act, Employment and Training
24 Assistance for Dislocated Workers Program.

25 (B) Hired after the River Edge Redevelopment Zone
26 or federally designated Foreign Trade Zone or Sub-Zone

1 was designated or the trade or business was located in
2 that zone, whichever is later.

3 (C) Employed in the River Edge Redevelopment Zone
4 or Foreign Trade Zone or Sub-Zone. An employee is
5 employed in a federally designated Foreign Trade Zone
6 or Sub-Zone if his services are rendered there or it is
7 the base of operations for the services performed.

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

10 (4) For tax years ending on or after December 31, 1985
11 and prior to December 31, 1988, the credit shall be allowed
12 for the tax year in which the eligible employees are hired.
13 For tax years ending on or after December 31, 1988, the
14 credit shall be allowed for the tax year immediately
15 following the tax year in which the eligible employees are
16 hired. If the amount of the credit exceeds the tax
17 liability for that year, whether it exceeds the original
18 liability or the liability as later amended, such excess
19 may be carried forward and applied to the tax liability of
20 the 5 taxable years following the excess credit year. The
21 credit shall be applied to the earliest year for which
22 there is a liability. If there is credit from more than one
23 tax year that is available to offset a liability, earlier
24 credit shall be applied first.

25 (5) The Department of Revenue shall promulgate such
26 rules and regulations as may be deemed necessary to carry

1 out the purposes of this subsection (g).

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

4 (h) Investment credit; High Impact Business.

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

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

18 Changes made in this subdivision (h) (1) by Public Act
19 88-670 restore changes made by Public Act 85-1182 and
20 reflect existing law.

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

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

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

1 eligible for the credit provided by this subsection
2 (h);

3 (C) is acquired by purchase as defined in Section
4 179(d) of the Internal Revenue Code; and

5 (D) is not eligible for the Enterprise Zone
6 Investment Credit provided by subsection (f) of this
7 Section.

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

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

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

19 (6) If during any taxable year ending on or before
20 December 31, 1996, any property ceases to be qualified
21 property in the hands of the taxpayer within 48 months
22 after being placed in service, or the situs of any
23 qualified property is moved outside Illinois within 48
24 months after being placed in service, the tax imposed under
25 subsections (a) and (b) of this Section for such taxable
26 year shall be increased. Such increase shall be determined

1 by (i) recomputing the investment credit which would have
2 been allowed for the year in which credit for such property
3 was originally allowed by eliminating such property from
4 such computation, and (ii) subtracting such recomputed
5 credit from the amount of credit previously allowed. For
6 the purposes of this paragraph (6), a reduction of the
7 basis of qualified property resulting from a
8 redetermination of the purchase price shall be deemed a
9 disposition of qualified property to the extent of such
10 reduction.

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

21 (i) Credit for Personal Property Tax Replacement Income
22 Tax. For tax years ending prior to December 31, 2003, a credit
23 shall be allowed against the tax imposed by subsections (a) and
24 (b) of this Section for the tax imposed by subsections (c) and
25 (d) of this Section. This credit shall be computed by
26 multiplying the tax imposed by subsections (c) and (d) of this

1 Section by a fraction, the numerator of which is base income
2 allocable to Illinois and the denominator of which is Illinois
3 base income, and further multiplying the product by the tax
4 rate imposed by subsections (a) and (b) of this Section.

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

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

1 taxable year, an amended return shall be filed for such taxable
2 year to reduce the amount of credit claimed.

3 (j) Training expense credit. Beginning with tax years
4 ending on or after December 31, 1986 and prior to December 31,
5 2003, a taxpayer shall be allowed a credit against the tax
6 imposed by subsections (a) and (b) under this Section for all
7 amounts paid or accrued, on behalf of all persons employed by
8 the taxpayer in Illinois or Illinois residents employed outside
9 of Illinois by a taxpayer, for educational or vocational
10 training in semi-technical or technical fields or semi-skilled
11 or skilled fields, which were deducted from gross income in the
12 computation of taxable income. The credit against the tax
13 imposed by subsections (a) and (b) shall be 1.6% of such
14 training expenses. For partners, shareholders of subchapter S
15 corporations, and owners of limited liability companies, if the
16 liability company is treated as a partnership for purposes of
17 federal and State income taxation, there shall be allowed a
18 credit under this subsection (j) to be determined in accordance
19 with the determination of income and distributive share of
20 income under Sections 702 and 704 and subchapter S of the
21 Internal Revenue Code.

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

1 there is a credit under this subsection from more than one tax
2 year that is available to offset a liability the earliest
3 credit arising under this subsection shall be applied first. No
4 carryforward credit may be claimed in any tax year ending on or
5 after December 31, 2003.

6 (k) Research and development credit. For tax years ending
7 after July 1, 1990 and prior to December 31, 2003, and
8 beginning again for tax years ending on or after December 31,
9 2004, and ending prior to January 1, 2016, a taxpayer shall be
10 allowed a credit against the tax imposed by subsections (a) and
11 (b) of this Section for increasing research activities in this
12 State. The credit allowed against the tax imposed by
13 subsections (a) and (b) shall be equal to 6 1/2% of the
14 qualifying expenditures for increasing research activities in
15 this State. For partners, shareholders of subchapter S
16 corporations, and owners of limited liability companies, if the
17 liability company is treated as a partnership for purposes of
18 federal and State income taxation, there shall be allowed a
19 credit under this subsection to be determined in accordance
20 with the determination of income and distributive share of
21 income under Sections 702 and 704 and subchapter S of the
22 Internal Revenue Code.

23 For purposes of this subsection, "qualifying expenditures"
24 means the qualifying expenditures as defined for the federal
25 credit for increasing research activities which would be
26 allowable under Section 41 of the Internal Revenue Code and

1 which are conducted in this State, "qualifying expenditures for
2 increasing research activities in this State" means the excess
3 of qualifying expenditures for the taxable year in which
4 incurred over qualifying expenditures for the base period,
5 "qualifying expenditures for the base period" means the average
6 of the qualifying expenditures for each year in the base
7 period, and "base period" means the 3 taxable years immediately
8 preceding the taxable year for which the determination is being
9 made.

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

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

1 that no credit can be carried forward to a year which is more
2 than 5 years after the year in which the expense for which the
3 credit is given was incurred.

4 No inference shall be drawn from this amendatory Act of the
5 91st General Assembly in construing this Section for taxable
6 years beginning before January 1, 1999.

7 (1) Environmental Remediation Tax Credit.

8 (i) For tax years ending after December 31, 1997 and on
9 or before December 31, 2001, a taxpayer shall be allowed a
10 credit against the tax imposed by subsections (a) and (b)
11 of this Section for certain amounts paid for unreimbursed
12 eligible remediation costs, as specified in this
13 subsection. For purposes of this Section, "unreimbursed
14 eligible remediation costs" means costs approved by the
15 Illinois Environmental Protection Agency ("Agency") under
16 Section 58.14 of the Environmental Protection Act that were
17 paid in performing environmental remediation at a site for
18 which a No Further Remediation Letter was issued by the
19 Agency and recorded under Section 58.10 of the
20 Environmental Protection Act. The credit must be claimed
21 for the taxable year in which Agency approval of the
22 eligible remediation costs is granted. The credit is not
23 available to any taxpayer if the taxpayer or any related
24 party caused or contributed to, in any material respect, a
25 release of regulated substances on, in, or under the site
26 that was identified and addressed by the remedial action

1 pursuant to the Site Remediation Program of the
2 Environmental Protection Act. After the Pollution Control
3 Board rules are adopted pursuant to the Illinois
4 Administrative Procedure Act for the administration and
5 enforcement of Section 58.9 of the Environmental
6 Protection Act, determinations as to credit availability
7 for purposes of this Section shall be made consistent with
8 those rules. For purposes of this Section, "taxpayer"
9 includes a person whose tax attributes the taxpayer has
10 succeeded to under Section 381 of the Internal Revenue Code
11 and "related party" includes the persons disallowed a
12 deduction for losses by paragraphs (b), (c), and (f)(1) of
13 Section 267 of the Internal Revenue Code by virtue of being
14 a related taxpayer, as well as any of its partners. The
15 credit allowed against the tax imposed by subsections (a)
16 and (b) shall be equal to 25% of the unreimbursed eligible
17 remediation costs in excess of \$100,000 per site, except
18 that the \$100,000 threshold shall not apply to any site
19 contained in an enterprise zone as determined by the
20 Department of Commerce and Community Affairs (now
21 Department of Commerce and Economic Opportunity). The
22 total credit allowed shall not exceed \$40,000 per year with
23 a maximum total of \$150,000 per site. For partners and
24 shareholders of subchapter S corporations, there shall be
25 allowed a credit under this subsection to be determined in
26 accordance with the determination of income and

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

3 (ii) A credit allowed under this subsection that is
4 unused in the year the credit is earned may be carried
5 forward to each of the 5 taxable years following the year
6 for which the credit is first earned until it is used. The
7 term "unused credit" does not include any amounts of
8 unreimbursed eligible remediation costs in excess of the
9 maximum credit per site authorized under paragraph (i).
10 This credit shall be applied first to the earliest year for
11 which there is a liability. If there is a credit under this
12 subsection from more than one tax year that is available to
13 offset a liability, the earliest credit arising under this
14 subsection shall be applied first. A credit allowed under
15 this subsection may be sold to a buyer as part of a sale of
16 all or part of the remediation site for which the credit
17 was granted. The purchaser of a remediation site and the
18 tax credit shall succeed to the unused credit and remaining
19 carry-forward period of the seller. To perfect the
20 transfer, the assignor shall record the transfer in the
21 chain of title for the site and provide written notice to
22 the Director of the Illinois Department of Revenue of the
23 assignor's intent to sell the remediation site and the
24 amount of the tax credit to be transferred as a portion of
25 the sale. In no event may a credit be transferred to any
26 taxpayer if the taxpayer or a related party would not be

1 eligible under the provisions of subsection (i).

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

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

17 For purposes of this subsection:

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

25 "Qualified education expense" means the amount incurred on
26 behalf of a qualifying pupil in excess of \$250 for tuition,

1 book fees, and lab fees at the school in which the pupil is
2 enrolled during the regular school year.

3 "School" means any public or nonpublic elementary or
4 secondary school in Illinois that is in compliance with Title
5 VI of the Civil Rights Act of 1964 and attendance at which
6 satisfies the requirements of Section 26-1 of the School Code,
7 except that nothing shall be construed to require a child to
8 attend any particular public or nonpublic school to qualify for
9 the credit under this Section.

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

13 (n) River Edge Redevelopment Zone site remediation tax
14 credit.

15 (i) For tax years ending on or after December 31, 2006,
16 a taxpayer shall be allowed a credit against the tax
17 imposed by subsections (a) and (b) of this Section for
18 certain amounts paid for unreimbursed eligible remediation
19 costs, as specified in this subsection. For purposes of
20 this Section, "unreimbursed eligible remediation costs"
21 means costs approved by the Illinois Environmental
22 Protection Agency ("Agency") under Section 58.14a of the
23 Environmental Protection Act that were paid in performing
24 environmental remediation at a site within a River Edge
25 Redevelopment Zone for which a No Further Remediation
26 Letter was issued by the Agency and recorded under Section

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

25 (ii) A credit allowed under this subsection that is
26 unused in the year the credit is earned may be carried

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

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

24 (Source: P.A. 96-115, eff. 7-31-09; 96-116, eff. 7-31-09;
25 96-937, eff. 6-23-10; 96-1000, eff. 7-2-10; 96-1496, eff.
26 1-13-11; 97-2, eff. 5-6-11; 97-636, eff. 6-1-12; 97-905, eff.

1 8-7-12.)

2 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

3 Sec. 901. Collection Authority.

4 (a) In general.

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

22 (b) Local Government Distributive Fund.

23 Beginning August 1, 1969, and continuing through June 30,
24 1994, the Treasurer shall transfer each month from the General
25 Revenue Fund to a special fund in the State treasury, to be

1 known as the "Local Government Distributive Fund", an amount
2 equal to 1/12 of the net revenue realized from the tax imposed
3 by subsections (a) and (b) of Section 201 of this Act during
4 the preceding month. Beginning July 1, 1994, and continuing
5 through June 30, 1995, the Treasurer shall transfer each month
6 from the General Revenue Fund to the Local Government
7 Distributive Fund an amount equal to 1/11 of the net revenue
8 realized from the tax imposed by subsections (a) and (b) of
9 Section 201 of this Act during the preceding month. Beginning
10 July 1, 1995 and continuing through January 31, 2011, the
11 Treasurer shall transfer each month from the General Revenue
12 Fund to the Local Government Distributive Fund an amount equal
13 to the net of (i) 1/10 of the net revenue realized from the tax
14 imposed by subsections (a) and (b) of Section 201 of the
15 Illinois Income Tax Act during the preceding month (ii) minus,
16 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,
17 and beginning July 1, 2004, zero. Beginning February 1, 2011,
18 and continuing through January 31, 2015, the Treasurer shall
19 transfer each month from the General Revenue Fund to the Local
20 Government Distributive Fund an amount equal to the sum of (i)
21 6% (10% of the ratio of the 3% individual income tax rate prior
22 to 2011 to the 5% individual income tax rate after 2010) of the
23 net revenue realized from the tax imposed by subsections (a)
24 and (b) of Section 201 of this Act upon individuals, trusts,
25 and estates during the preceding month and (ii) 6.86% (10% of
26 the ratio of the 4.8% corporate income tax rate prior to 2011

1 to the 7% corporate income tax rate after 2010) of the net
2 revenue realized from the tax imposed by subsections (a) and
3 (b) of Section 201 of this Act upon corporations during the
4 preceding month. Beginning February 1, 2015 and continuing
5 through January 31, 2025, the Treasurer shall transfer each
6 month from the General Revenue Fund to the Local Government
7 Distributive Fund an amount equal to the sum of (i) 8% (10% of
8 the ratio of the 3% individual income tax rate prior to 2011 to
9 the 3.75% individual income tax rate after 2014) 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) 10% ~~9.14%~~ ~~(10% of~~
13 ~~the ratio of the 4.8% corporate income tax rate prior to 2011~~
14 ~~to the 5.25% corporate income tax rate after 2014)~~ 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 February 1, 2025, the Treasurer
18 shall transfer each month from the General Revenue Fund to the
19 Local Government Distributive Fund an amount equal to the sum
20 of (i) 9.23% (10% of the ratio of the 3% individual income tax
21 rate prior to 2011 to the 3.25% individual income tax rate
22 after 2024) of the net revenue realized from the tax imposed by
23 subsections (a) and (b) of Section 201 of this Act upon
24 individuals, trusts, and estates during the preceding month and
25 (ii) 10% of the net revenue realized from the tax imposed by
26 subsections (a) and (b) of Section 201 of this Act upon

1 corporations during the preceding month. Net revenue realized
2 for a month shall be defined as the revenue from the tax
3 imposed by subsections (a) and (b) of Section 201 of this Act
4 which is deposited in the General Revenue Fund, the Education
5 Assistance Fund, the Income Tax Surcharge Local Government
6 Distributive Fund, the Fund for the Advancement of Education,
7 and the Commitment to Human Services Fund during the month
8 minus the amount paid out of the General Revenue Fund in State
9 warrants during that same month as refunds to taxpayers for
10 overpayment of liability under the tax imposed by subsections
11 (a) and (b) of Section 201 of this Act.

12 (c) Deposits Into Income Tax Refund Fund.

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

1 of this amendatory Act of the 93rd General Assembly, the
2 Annual Percentage shall be 10% for fiscal year 2005. For
3 fiscal year 2006, the Annual Percentage shall be 9.75%. For
4 fiscal year 2007, the Annual Percentage shall be 9.75%. For
5 fiscal year 2008, the Annual Percentage shall be 7.75%. For
6 fiscal year 2009, the Annual Percentage shall be 9.75%. For
7 fiscal year 2010, the Annual Percentage shall be 9.75%. For
8 fiscal year 2011, the Annual Percentage shall be 8.75%. For
9 fiscal year 2012, the Annual Percentage shall be 8.75%. For
10 fiscal year 2013, the Annual Percentage shall be 9.75%. For
11 all other fiscal years, the Annual Percentage shall be
12 calculated as a fraction, the numerator of which shall be
13 the amount of refunds approved for payment by the
14 Department during the preceding fiscal year as a result of
15 overpayment of tax liability under subsections (a) and
16 (b) (1), (2), and (3) of Section 201 of this Act plus the
17 amount of such refunds remaining approved but unpaid at the
18 end of the preceding fiscal year, minus the amounts
19 transferred into the Income Tax Refund Fund from the
20 Tobacco Settlement Recovery Fund, and the denominator of
21 which shall be the amounts which will be collected pursuant
22 to subsections (a) and (b) (1), (2), and (3) of Section 201
23 of this Act during the preceding fiscal year; except that
24 in State fiscal year 2002, the Annual Percentage shall in
25 no event exceed 7.6%. The Director of Revenue shall certify
26 the Annual Percentage to the Comptroller on the last

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

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

1 all other fiscal years, the Annual Percentage shall be
2 calculated as a fraction, the numerator of which shall be
3 the amount of refunds approved for payment by the
4 Department during the preceding fiscal year as a result of
5 overpayment of tax liability under subsections (a) and
6 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
7 Act plus the amount of such refunds remaining approved but
8 unpaid at the end of the preceding fiscal year, and the
9 denominator of which shall be the amounts which will be
10 collected pursuant to subsections (a) and (b) (6), (7), and
11 (8), (c) and (d) of Section 201 of this Act during the
12 preceding fiscal year; except that in State fiscal year
13 2002, the Annual Percentage shall in no event exceed 23%.
14 The Director of Revenue shall certify the Annual Percentage
15 to the Comptroller on the last business day of the fiscal
16 year immediately preceding the fiscal year for which it is
17 to be effective.

18 (3) The Comptroller shall order transferred and the
19 Treasurer shall transfer from the Tobacco Settlement
20 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
21 in January, 2001, (ii) \$35,000,000 in January, 2002, and
22 (iii) \$35,000,000 in January, 2003.

23 (d) Expenditures from Income Tax Refund Fund.

24 (1) Beginning January 1, 1989, money in the Income Tax
25 Refund Fund shall be expended exclusively for the purpose
26 of paying refunds resulting from overpayment of tax

1 liability under Section 201 of this Act, for paying rebates
2 under Section 208.1 in the event that the amounts in the
3 Homeowners' Tax Relief Fund are insufficient for that
4 purpose, and for making transfers pursuant to this
5 subsection (d).

6 (2) The Director shall order payment of refunds
7 resulting from overpayment of tax liability under Section
8 201 of this Act from the Income Tax Refund Fund only to the
9 extent that amounts collected pursuant to Section 201 of
10 this Act and transfers pursuant to this subsection (d) and
11 item (3) of subsection (c) have been deposited and retained
12 in the Fund.

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

25 (4) As soon as possible after the end of each fiscal
26 year, the Director shall order transferred and the State

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

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

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

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

26 On July 1, 1991, and thereafter, of the amounts collected

1 pursuant to subsections (a) and (b) of Section 201 of this Act,
2 minus deposits into the Income Tax Refund Fund, the Department
3 shall deposit 7.3% into the Education Assistance Fund in the
4 State Treasury. Beginning July 1, 1991, and continuing through
5 January 31, 1993, of the amounts collected pursuant to
6 subsections (a) and (b) of Section 201 of the Illinois Income
7 Tax Act, minus deposits into the Income Tax Refund Fund, the
8 Department shall deposit 3.0% into the Income Tax Surcharge
9 Local Government Distributive Fund in the State Treasury.
10 Beginning February 1, 1993 and continuing through June 30,
11 1993, of the amounts collected pursuant to subsections (a) and
12 (b) of Section 201 of the Illinois Income Tax Act, minus
13 deposits into the Income Tax Refund Fund, the Department shall
14 deposit 4.4% into the Income Tax Surcharge Local Government
15 Distributive Fund in the State Treasury. Beginning July 1,
16 1993, and continuing through June 30, 1994, of the amounts
17 collected under subsections (a) and (b) of Section 201 of this
18 Act, minus deposits into the Income Tax Refund Fund, the
19 Department shall deposit 1.475% into the Income Tax Surcharge
20 Local Government Distributive Fund in the State Treasury.

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

1 Fund, into the Fund for the Advancement of Education:

2 (1) beginning February 1, 2015, and prior to February
3 1, 2025, 1/30; and

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

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

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

16 (1) beginning February 1, 2015, and prior to February
17 1, 2025, 1/30; and

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

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

23 (Source: P.A. 96-45, eff. 7-15-09; 96-328, eff. 8-11-09;
24 96-959, eff. 7-1-10; 96-1496, eff. 1-13-11; 97-72, eff. 7-1-11;
25 97-732, eff. 6-30-12.)

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.