



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB2861

Introduced 2/6/2025, by Rep. Tony M. McCombie

#### SYNOPSIS AS INTRODUCED:

805 ILCS 5/15.35

from Ch. 32, par. 15.35

Amends the Business Corporation Act of 1983. Provides that, on or after January 1, 2026 and prior to January 1, 2027, the first \$100,000 in liability is exempt from the franchise tax payable by domestic corporations. Provides that, in the case of a domestic corporation, no payment is required for a franchise tax that would have been due and payable on or after January 1, 2027. Repeals the provision concerning franchise taxes payable by domestic corporations on January 1, 2027. Effective immediately.

LRB104 10889 SPS 20971 b

1 AN ACT concerning business.

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

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

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

7 (Text of Section from P.A. 102-16, 103-8, and 103-592)

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

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

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

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

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

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

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

8 On or after January 1, 2020 and prior to January 1, 2021,  
9 the first \$30 in liability is exempt from the tax imposed under  
10 this Section. On or after January 1, 2021, and prior to January  
11 1, 2024, the first \$1,000 in liability is exempt from the tax  
12 imposed under this Section. On or after January 1, 2024, and  
13 before January 1, 2025, the first \$5,000 in liability is  
14 exempt from the tax imposed under this Section. On and after  
15 January 1, 2025 and before January 1, 2026, the first \$10,000  
16 in liability is exempt from the tax imposed under this  
17 Section. On or after January 1, 2026 and before January 1,  
18 2027, the first \$100,000 in liability is exempt from the tax  
19 imposed under this Section. The provisions of this Section  
20 shall not require the payment of any franchise tax that would  
21 otherwise have been due and payable on or after January 1,  
22 2027. There shall be no refunds or proration of franchise tax  
23 for any taxes due and payable on or after January 1, 2027 on  
24 the basis that a portion of the corporation's taxable year  
25 extends beyond January 1, 2027.

26 This Section is repealed on January 1, 2028.

1 (Source: P.A. 102-16, eff. 6-17-21; 103-8, eff. 6-7-23;  
2 103-592, eff. 6-7-24.)

3 (Text of Section from P.A. 102-282, 102-558, 103-8, and  
4 103-592)

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

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

13 (b) An additional franchise tax at the time of filing  
14 (1) a report of the issuance of additional shares, or (2) a  
15 report of an increase in paid-in capital without the  
16 issuance of shares, or (3) an amendment to the articles of  
17 incorporation or a report of cumulative changes in paid-in  
18 capital, whenever any amendment or such report discloses  
19 an increase in its paid-in capital over the amount thereof  
20 last reported in any document, other than an annual  
21 report, interim annual report or final transition annual  
22 report required by this Act to be filed in the office of  
23 the Secretary of State.

24 (c) An additional franchise tax at the time of filing  
25 a report of paid-in capital following a statutory merger

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

26 (d) An annual franchise tax payable each year with the

1 annual report which the corporation is required by this  
2 Act to file.

3 On or after January 1, 2020 and prior to January 1, 2021,  
4 the first \$30 in liability is exempt from the tax imposed under  
5 this Section. On or after January 1, 2021 and prior to January  
6 1, 2024, the first \$1,000 in liability is exempt from the tax  
7 imposed under this Section. On or after January 1, 2024, and  
8 before January 1, 2025, the first \$5,000 in liability is  
9 exempt from the tax imposed under this Section. On and after  
10 January 1, 2025 and before January 1, 2026, the first \$10,000  
11 in liability is exempt from the tax imposed under this  
12 Section. On or after January 1, 2026 and before January 1,  
13 2027, the first \$100,000 in liability is exempt from the tax  
14 imposed under this Section. The provisions of this Section  
15 shall not require the payment of any franchise tax that would  
16 otherwise have been due and payable on or after January 1,  
17 2027. There shall be no refunds or proration of franchise tax  
18 for any taxes due and payable on or after January 1, 2027 on  
19 the basis that a portion of the corporation's taxable year  
20 extends beyond January 1, 2027.

21 This Section is repealed on January 1, 2028.

22 (Source: P.A. 102-282, eff. 1-1-22; 102-558, eff. 8-20-21;  
23 103-8, eff. 6-7-23; 103-592, eff. 6-7-24.)

24 Section 99. Effective date. This Act takes effect upon  
25 becoming law.