



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB4107

Introduced 10/15/2025, by Rep. Tom Weber

SYNOPSIS AS INTRODUCED:

15 ILCS 505/16.5	
15 ILCS 505/16.8	
15 ILCS 520/22.5	from Ch. 130, par. 41a
35 ILCS 5/203	from Ch. 120, par. 2-203
35 ILCS 5/218	
735 ILCS 5/12-1001	from Ch. 110, par. 12-1001
750 ILCS 5/513	from Ch. 40, par. 513

Amends the State Treasurer Act. Changes the name of the "College Savings Pool" to the "College, Secondary, and Elementary Education Savings Pool". In provisions relating to the College, Secondary, and Elementary Education Savings Pool established by the State Treasurer pursuant to Section 529 of the Internal Revenue Code, provides that an "eligible educational institution" includes elementary or secondary public, private, or religious schools and "qualified expenses" include expenses, up to \$10,000 per taxable year, for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school. Amends the Deposit of State Moneys Act, Illinois Income Tax Act, the Code of Civil Procedure, and the Illinois Marriage and Dissolution of Marriage Act to make conforming changes. Effective immediately.

LRB104 14613 SPS 27755 b

1 AN ACT concerning State government.

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

4 Section 5. The State Treasurer Act is amended by changing
5 Sections 16.5 and 16.8 as follows:

6 (15 ILCS 505/16.5)

7 Sec. 16.5. College, Secondary, and Elementary Education
8 Savings Pool.

9 (a) Definitions. As used in this Section:

10 "Account owner" means any person or entity who has opened
11 an account or to whom ownership of an account has been
12 transferred, as allowed by the Internal Revenue Code, and who
13 has authority to withdraw funds, direct withdrawal of funds,
14 change the designated beneficiary, or otherwise exercise
15 control over an account in the College, Secondary, and
16 Elementary Education Savings Pool.

17 "Donor" means any person or entity who makes contributions
18 to an account in the College, Secondary, and Elementary
19 Education Savings Pool.

20 "Designated beneficiary" means any individual designated
21 as the beneficiary of an account in the College, Secondary,
22 and Elementary Education Savings Pool by an account owner. A
23 designated beneficiary must have a valid social security

1 number or taxpayer identification number. In the case of an
2 account established as part of a scholarship program permitted
3 under Section 529 of the Internal Revenue Code, the designated
4 beneficiary is any individual receiving benefits accumulated
5 in the account as a scholarship.

6 "Eligible educational institution" means (A) public and
7 private colleges, junior colleges, graduate schools, and
8 certain vocational institutions that are described in Section
9 1001 of the Higher Education Resource and Student Assistance
10 Chapter of Title 20 of the United States Code (20 U.S.C. 1001)
11 and that are eligible to participate in Department of
12 Education student aid programs and (B) elementary or secondary
13 public, private, or religious schools.

14 "Member of the family" has the same meaning ascribed to
15 that term under Section 529 of the Internal Revenue Code.

16 "Nonqualified withdrawal" means a distribution from an
17 account other than a distribution that (i) is used for the
18 qualified expenses of the designated beneficiary; (ii) results
19 from the beneficiary's death or disability; (iii) is a
20 rollover to another account in the College, Secondary, and
21 Elementary Education Savings Pool; (iv) is a rollover to an
22 ABLE account, as defined in Section 16.6 of this Act, or any
23 distribution that, within 60 days after such distribution, is
24 transferred to an ABLE account of the designated beneficiary
25 or a member of the family of the designated beneficiary to the
26 extent that the distribution, when added to all other

1 contributions made to the ABLE account for the taxable year,
2 does not exceed the limitation under Section 529A(b) of the
3 Internal Revenue Code; or (v) is a rollover to a Roth IRA
4 account to the extent permitted by Section 529 of the Internal
5 Revenue Code.

6 "Qualified expenses" means: (i) tuition, fees, and the
7 costs of books, supplies, and equipment required for
8 enrollment or attendance at an eligible educational
9 institution that is described under paragraph (A) of "eligible
10 educational institution" as defined under this Section; (ii)
11 expenses for special needs services, in the case of a special
12 needs beneficiary, which are incurred in connection with such
13 enrollment or attendance under item (i); (iii) certain
14 expenses, to the extent they qualify as qualified higher
15 education expenses under Section 529 of the Internal Revenue
16 Code, for the purchase of computer or peripheral equipment or
17 Internet access and related services, if such equipment,
18 software, or services are to be used primarily by the
19 beneficiary during any of the years the beneficiary is
20 enrolled at an eligible educational institution, except that,
21 such expenses shall not include expenses for computer software
22 designed for sports, games, or hobbies, unless the software is
23 predominantly educational in nature; (iv) room and board
24 expenses incurred while attending an eligible educational
25 institution that is described under paragraph (A) of "eligible
26 educational institution" as defined under this Section at

1 least half-time; (v) expenses for fees, books, supplies, and
2 equipment required for the participation of a designated
3 beneficiary in an apprenticeship program registered and
4 certified with the Secretary of Labor under the National
5 Apprenticeship Act (29 U.S.C. 50); ~~and~~ (vi) amounts paid as
6 principal or interest on any qualified education loan for an
7 eligible educational institution that is described under
8 paragraph (A) of "eligible educational institution" as defined
9 under this Section of the designated beneficiary or a sibling
10 of the designated beneficiary, as allowed under Section 529 of
11 the Internal Revenue Code; and (vii) expenses, up to \$10,000
12 per taxable year, for tuition in connection with enrollment or
13 attendance at an elementary or secondary public, private, or
14 religious school. A student shall be considered to be enrolled
15 at least half-time if the student is enrolled for at least half
16 the full-time academic workload for the course of study the
17 student is pursuing as determined under the standards of the
18 institution at which the student is enrolled.

19 (b) Establishment of the Pool. The State Treasurer may
20 establish and administer the College, Secondary, and
21 Elementary Education Savings Pool as a qualified tuition
22 program under Section 529 of the Internal Revenue Code. The
23 Pool may consist of one or more college, secondary, and
24 elementary education savings programs. The State Treasurer, in
25 administering the College, Secondary, and Elementary Education
26 Savings Pool, may: (1) receive, hold, and invest moneys paid

1 into the Pool; and (2) perform any other action he or she deems
2 necessary to administer the Pool, including any other actions
3 necessary to ensure that the Pool operates as a qualified
4 tuition program in accordance with Section 529 of the Internal
5 Revenue Code.

6 (c) Administration of the College, Secondary, and
7 Elementary Education Savings Pool. The State Treasurer may
8 delegate duties related to the College, Secondary, and
9 Elementary Education Savings Pool to one or more contractors.
10 The contributions deposited in the Pool, and any earnings
11 thereon, shall not constitute property of the State or be
12 commingled with State funds and the State shall have no claim
13 to or against, or interest in, such funds; provided that the
14 fees collected by the State Treasurer in accordance with this
15 Act, scholarship programs administered by the State Treasurer,
16 and seed funds deposited by the State Treasurer under Section
17 16.8 of the Act are State funds.

18 (c-5) College, Secondary, and Elementary Education Savings
19 Pool Account Summaries. The State Treasurer shall provide a
20 separate accounting for each designated beneficiary. The
21 separate accounting shall be provided to the account owner of
22 the account for the designated beneficiary at least annually
23 and shall show the account balance, the investment in the
24 account, the investment earnings, and the distributions from
25 the account.

26 (d) Availability of the College, Secondary, and Elementary

1 Education Savings Pool. The State Treasurer may permit
2 persons, including trustees of trusts and custodians under a
3 Uniform Transfers to Minors Act or Uniform Gifts to Minors Act
4 account, and certain legal entities to be account owners,
5 including as part of a scholarship program, provided that: (1)
6 an individual, trustee or custodian must have a valid social
7 security number or taxpayer identification number, be at least
8 18 years of age, and have a valid United States street address;
9 and (2) a legal entity must have a valid taxpayer
10 identification number and a valid United States street
11 address. In-state and out-of-state persons, trustees,
12 custodians, and legal entities may be account owners and
13 donors, and both in-state and out-of-state individuals may be
14 designated beneficiaries in the College, Secondary, and
15 Elementary Education Savings Pool.

16 (e) Fees. Any fees, costs, and expenses, including
17 investment fees and expenses and payments to third parties,
18 related to the College, Secondary, and Elementary Education
19 Savings Pool, shall be paid from the assets of the College,
20 Secondary, and Elementary Education Savings Pool. The State
21 Treasurer shall establish fees to be imposed on accounts to
22 cover such fees, costs, and expenses, to the extent not paid
23 directly out of the investments of the College, Secondary, and
24 Elementary Education Savings Pool, and to maintain an adequate
25 reserve fund in line with industry standards for government
26 operated funds. The Treasurer must use his or her best efforts

1 to keep these fees as low as possible and consistent with
2 administration of high quality competitive college, secondary,
3 and elementary education savings programs.

4 (f) Investments in the State. To enhance the safety and
5 liquidity of the College, Secondary, and Elementary Education
6 Savings Pool, to ensure the diversification of the investment
7 portfolio of the College, Secondary, and Elementary Education
8 Savings Pool, and in an effort to keep investment dollars in
9 the State of Illinois, the State Treasurer may make a
10 percentage of each account available for investment in
11 participating financial institutions doing business in the
12 State.

13 (g) Investment policy. The Treasurer shall develop,
14 publish, and implement an investment policy covering the
15 investment of the moneys in each of the programs in the
16 College, Secondary, and Elementary Education Savings Pool. The
17 policy shall be published each year as part of the audit of the
18 College, Secondary, and Elementary Education Savings Pool by
19 the Auditor General, which shall be distributed to all account
20 owners in such program. The Treasurer shall notify all account
21 owners in such program in writing, and the Treasurer shall
22 publish in a newspaper of general circulation in both Chicago
23 and Springfield, any changes to the previously published
24 investment policy at least 30 calendar days before
25 implementing the policy. Any investment policy adopted by the
26 Treasurer shall be reviewed and updated if necessary within 90

1 days following the date that the State Treasurer takes office.

2 (h) Investment restrictions. An account owner may,
3 directly or indirectly, direct the investment of his or her
4 account only as provided in Section 529(b)(4) of the Internal
5 Revenue Code. Donors and designated beneficiaries, in those
6 capacities, may not, directly or indirectly, direct the
7 investment of an account.

8 (i) Distributions. Distributions from an account in the
9 College, Secondary, and Elementary Education Savings Pool may
10 be used for the designated beneficiary's qualified expenses,
11 and if not used in that manner, may be considered a
12 nonqualified withdrawal. Funds contained in a College,
13 Secondary, and Elementary Education Savings Pool account may
14 be rolled over into:

15 (1) an eligible ABLE account, as defined in Section
16 16.6 of this Act to the extent permitted by Section 529 of
17 the Internal Revenue Code;

18 (2) another qualified tuition program, to the extent
19 permitted by Section 529 of the Internal Revenue Code; or

20 (3) a Roth IRA account, to the extent permitted by
21 Section 529 of the Internal Revenue Code.

22 Distributions made from the College, Secondary, and
23 Elementary Education Savings Pool may be made directly to the
24 eligible educational institution, directly to a vendor, in the
25 form of a check payable to both the designated beneficiary and
26 the institution or vendor, directly to the designated

1 beneficiary or account owner, or in any other manner that is
2 permissible under Section 529 of the Internal Revenue Code.

3 (j) Contributions. Contributions to the College,
4 Secondary, and Elementary Education Savings Pool shall be as
5 follows:

6 (1) Contributions to an account in the College,
7 Secondary, and Elementary Education Savings Pool may be
8 made only in cash.

9 (2) The Treasurer shall limit the contributions that
10 may be made to the College, Secondary, and Elementary
11 Education Savings Pool on behalf of a designated
12 beneficiary, as required under Section 529 of the Internal
13 Revenue Code, to prevent contributions for the benefit of
14 a designated beneficiary in excess of those necessary to
15 provide for the qualified expenses of the designated
16 beneficiary. The Pool shall not permit any additional
17 contributions to an account as soon as the sum of (i) the
18 aggregate balance in all accounts in the Pool for the
19 designated beneficiary and (ii) the aggregate
20 contributions in the Illinois Prepaid Tuition Program for
21 the designated beneficiary reaches the specified balance
22 limit established from time to time by the Treasurer.

23 (k) Illinois Student Assistance Commission. The Treasurer
24 and the Illinois Student Assistance Commission shall each
25 cooperate in providing each other with account information, as
26 necessary, to prevent contributions in excess of those

1 necessary to provide for the qualified expenses of the
2 designated beneficiary, as described in subsection (j).

3 The Treasurer shall work with the Illinois Student
4 Assistance Commission to coordinate the marketing of the
5 College, Secondary, and Elementary Education Savings Pool and
6 the Illinois Prepaid Tuition Program when considered
7 beneficial by the Treasurer and the Director of the Illinois
8 Student Assistance Commission.

9 (l) Prohibition; exemption. No interest in the program, or
10 any portion thereof, may be used as security for a loan. Moneys
11 held in an account invested in the College, Secondary, and
12 Elementary Education Savings Pool shall be exempt from all
13 claims of the creditors of the account owner, donor, or
14 designated beneficiary of that account, except for the
15 non-exempt College, Secondary, and Elementary Education
16 Savings Pool transfers to or from the account as defined under
17 subsection (j) of Section 12-1001 of the Code of Civil
18 Procedure.

19 (m) Taxation. The assets of the College, Secondary, and
20 Elementary Education Savings Pool and its income and operation
21 shall be exempt from all taxation by the State of Illinois and
22 any of its subdivisions. The accrued earnings on investments
23 in the Pool once disbursed on behalf of a designated
24 beneficiary shall be similarly exempt from all taxation by the
25 State of Illinois and its subdivisions, so long as they are
26 used for qualified expenses. Contributions to a College,

1 Secondary, and Elementary Education Savings Pool account
2 during the taxable year may be deducted from adjusted gross
3 income as provided in Section 203 of the Illinois Income Tax
4 Act. The provisions of this paragraph are exempt from Section
5 250 of the Illinois Income Tax Act.

6 (n) Rules. The Treasurer shall adopt rules he or she
7 considers necessary for the efficient administration of the
8 College, Secondary, and Elementary Education Savings Pool. The
9 rules shall provide whatever additional parameters and
10 restrictions are necessary to ensure that the College,
11 Secondary, and Elementary Education Savings Pool meets all the
12 requirements for a qualified tuition program under Section 529
13 of the Internal Revenue Code.

14 Notice of any proposed amendments to the rules and
15 regulations shall be provided to all account owners prior to
16 adoption.

17 (o) Bond. The State Treasurer shall give bond with at
18 least one surety, payable to and for the benefit of the account
19 owners in the College, Secondary, and Elementary Education
20 Savings Pool, in the penal sum of \$10,000,000, conditioned
21 upon the faithful discharge of his or her duties in relation to
22 the College, Secondary, and Elementary Education Savings Pool.

23 (p) The changes made to subsections (c) and (e) of this
24 Section by Public Act 101-26 are intended to be a restatement
25 and clarification of existing law.

26 (q) The changes made to this Section by this amendatory

1 Act of the 104th General Assembly apply to all distributions
2 made after December 31, 2017.

3 (Source: P.A. 102-186, eff. 7-30-21; 103-778, eff. 8-2-24.)

4 (15 ILCS 505/16.8)

5 Sec. 16.8. Illinois Higher Education Savings Program.

6 (a) Definitions. As used in this Section:

7 "Beneficiary" means an eligible child named as a recipient
8 of seed funds.

9 "Eligible child" means a child born or adopted after
10 December 31, 2022, to a parent who is a resident of Illinois at
11 the time of the birth or adoption, as evidenced by
12 documentation received by the State Treasurer from the
13 Department of Revenue, the Department of Public Health,
14 another State or local government agency, or a parent or legal
15 guardian of the child.

16 "Eligible educational institution" means institutions that
17 are described in Section 1001 of the federal Higher Education
18 Act of 1965 that are eligible to participate in Department of
19 Education student aid programs.

20 "Fund" means the Illinois Higher Education Savings Program
21 Fund.

22 "Omnibus account" means the pooled collection of seed
23 funds owned and managed by the State Treasurer in the College,
24 Secondary, and Elementary Education Savings Pool under this
25 Act.

1 "Program" means the Illinois Higher Education Savings
2 Program.

3 "Qualified higher education expense" means the following:

4 (i) tuition, fees, and the costs of books, supplies, and
5 equipment required for enrollment or attendance at an eligible
6 educational institution; (ii) expenses for special needs
7 services, in the case of a special needs beneficiary, which
8 are incurred in connection with such enrollment or attendance;
9 (iii) certain expenses for the purchase of computer or
10 peripheral equipment, computer software, or Internet access
11 and related services as defined under Section 529 of the
12 Internal Revenue Code; (iv) room and board expenses incurred
13 while attending an eligible educational institution at least
14 half-time; (v) expenses for fees, books, supplies, and
15 equipment required for the participation of a designated
16 beneficiary in an apprenticeship program registered and
17 certified with the Secretary of Labor under the National
18 Apprenticeship Act (29 U.S.C. 50); and (vi) amounts paid as
19 principal or interest on any qualified education loan of the
20 designated beneficiary or a sibling of the designated
21 beneficiary, as allowed under Section 529 of the Internal
22 Revenue Code.

23 "Seed funds" means the deposit made by the State Treasurer
24 into the Omnibus Accounts for Program beneficiaries.

25 (b) Program established. The State Treasurer shall
26 establish the Illinois Higher Education Savings Program as a

1 part of the College, Secondary, and Elementary Education
2 Savings Pool under Section 16.5 of this Act, subject to
3 appropriation by the General Assembly. The State Treasurer
4 shall administer the Program for the purposes of expanding
5 access to higher education through savings.

6 (c) Program enrollment. The State Treasurer shall enroll
7 all eligible children in the Program beginning in 2023, after
8 receiving records of recent births, adoptions, or dependents
9 from the Department of Revenue, the Department of Public
10 Health, another State or local government agency designated by
11 the State Treasurer, or documentation as may be required by
12 the State Treasurer from a parent or legal guardian of the
13 eligible child. Notwithstanding any court order which would
14 otherwise prevent the release of information, the Department
15 of Public Health is authorized to release the information
16 specified under this subsection (c) to the State Treasurer for
17 the purposes of the Program established under this Section.

18 (1) Beginning in 2021, the Department of Public Health
19 shall provide the State Treasurer with information on
20 recent Illinois births and adoptions including, but not
21 limited to: the full name, residential address, birth
22 date, and birth record number of the child and the full
23 name and residential address of the child's parent or
24 legal guardian for the purpose of enrolling eligible
25 children in the Program. This data shall be provided to
26 the State Treasurer by the Department of Public Health on

1 a quarterly basis, no later than 30 days after the end of
2 each quarter, or some other date and frequency as mutually
3 agreed to by the State Treasurer and the Department of
4 Public Health.

5 (1.5) Beginning in 2021, the Department of Revenue
6 shall provide the State Treasurer with information on tax
7 filers claiming dependents or the adoption tax credit,
8 including, but not limited to: the full name, residential
9 address, email address, phone number, birth date, and
10 social security number or taxpayer identification number
11 of the dependent child and of the child's parent or legal
12 guardian for the purpose of enrolling eligible children in
13 the Program. Beginning July 1, 2024, the Department of
14 Revenue shall provide the State Treasurer with the
15 adjusted gross income of tax filers claiming dependents or
16 the adoption tax credit. This data shall be provided to
17 the State Treasurer by the Department of Revenue on at
18 least an annual basis, by July 1 of each year or another
19 date jointly determined by the State Treasurer and the
20 Department of Revenue. Notwithstanding anything to the
21 contrary contained within this paragraph (2), the
22 Department of Revenue shall not be required to share any
23 information that would be contrary to federal law,
24 regulation, or Internal Revenue Service Publication 1075.

25 (2) The State Treasurer shall ensure the security and
26 confidentiality of the information provided by the

1 Department of Revenue, the Department of Public Health, or
2 another State or local government agency, and it shall not
3 be subject to release under the Freedom of Information
4 Act.

5 (3) Information provided under this Section shall only
6 be used by the State Treasurer for the Program and shall
7 not be used for any other purpose.

8 (4) The State Treasurer and any vendors working on the
9 Program shall maintain strict confidentiality of any
10 information provided under this Section, and shall
11 promptly provide written or electronic notice to the
12 providing agency of any security breach. The providing
13 State or local government agency shall remain the sole and
14 exclusive owner of information provided under this
15 Section.

16 (d) Seed funds. After receiving information on recent
17 births, adoptions, or dependents from the Department of
18 Revenue, the Department of Public Health, another State or
19 local government agency, or documentation as may be required
20 by the State Treasurer from a parent or legal guardian of the
21 eligible child, the State Treasurer shall make deposits into
22 an omnibus account on behalf of eligible children. The State
23 Treasurer shall be the owner of the omnibus accounts.

24 (1) Deposit amount. The seed fund deposit for each
25 eligible child shall be in the amount of \$50. This amount
26 may be increased by the State Treasurer by rule. The State

1 Treasurer may use or deposit funds appropriated by the
2 General Assembly together with moneys received as gifts,
3 grants, or contributions into the Fund. If insufficient
4 funds are available in the Fund, the State Treasurer may
5 reduce the deposit amount or forgo ~~forfe~~ deposits.

6 (2) Use of seed funds. Seed funds, including any
7 interest, dividends, and other earnings accrued, will be
8 eligible for use by a beneficiary for qualified higher
9 education expenses if:

10 (A) the parent or guardian of the eligible child
11 claimed the seed funds for the beneficiary by the
12 beneficiary's 10th birthday;

13 (B) the beneficiary has completed secondary
14 education or has reached the age of 18; and

15 (C) the beneficiary is currently a resident of the
16 State of Illinois. Non-residents are not eligible to
17 claim or use seed funds.

18 (3) Notice of seed fund availability. The State
19 Treasurer shall make a good faith effort to notify
20 beneficiaries and their parents or legal guardians of the
21 seed funds' availability and the deadline to claim such
22 funds.

23 (4) Unclaimed seed funds. Seed funds and any interest
24 earnings that are unclaimed by the beneficiary's 10th
25 birthday or unused by the beneficiary's 26th birthday will
26 be considered forfeited. Unclaimed and unused seed funds

1 and any interest earnings will remain in the omnibus
2 account for future beneficiaries.

3 (e) Financial education. The State Treasurer may develop
4 educational materials that support the financial literacy of
5 beneficiaries and their legal guardians, and may do so in
6 collaboration with State and federal agencies, including, but
7 not limited to, the Illinois State Board of Education and
8 existing nonprofit agencies with expertise in financial
9 literacy and education.

10 (f) Supplementary deposits and partnerships. The State
11 Treasurer may make supplementary deposits if sufficient funds
12 are available and if funds are deposited into the omnibus
13 accounts as described in subsection (d). Subject to
14 appropriation, the State Treasurer may make supplementary
15 deposits of \$50, or greater if designated by the State
16 Treasurer by rule, into the account of each beneficiary whose
17 parent or legal guardian has an adjusted gross income below
18 the Illinois median household income as determined by the most
19 recent U.S. Census Bureau American Community Survey 5-Year
20 Data for the previous calendar year. The supplementary
21 deposits shall be limited to one deposit per beneficiary.
22 Furthermore, the State Treasurer may develop partnerships with
23 private, nonprofit, or governmental organizations to provide
24 additional savings incentives, including conditional cash
25 transfers or matching contributions that provide a savings
26 incentive based on specific actions taken or other criteria.

1 (g) Illinois Higher Education Savings Program Fund. The
2 Illinois Higher Education Savings Program Fund is hereby
3 established as a special fund in the State treasury. The Fund
4 shall be the official repository of all contributions,
5 appropriated funds, interest, and dividend payments, gifts, or
6 other financial assets received by the State Treasurer in
7 connection with the operation of the Program or related
8 partnerships. All such moneys shall be deposited into the Fund
9 and held by the State Treasurer as custodian thereof. The
10 State Treasurer may accept gifts, grants, awards, matching
11 contributions, interest income, and appropriated funds from
12 individuals, businesses, governments, and other third-party
13 sources to implement the Program on terms that the State
14 Treasurer deems advisable. All interest or other earnings
15 accruing or received on amounts in the Illinois Higher
16 Education Savings Program Fund shall be credited to and
17 retained by the Fund and used for the benefit of the Program.
18 Assets of the Fund must at all times be preserved, invested,
19 and expended only for the purposes of the Program and must be
20 held for the benefit of the beneficiaries. Assets may not be
21 transferred or used by the State or the State Treasurer for any
22 purposes other than the purposes of the Program. In addition,
23 no moneys, interest, or other earnings paid into the Fund
24 shall be used, temporarily or otherwise, for inter-fund
25 borrowing or be otherwise used or appropriated except as
26 expressly authorized by this Act. Notwithstanding the

1 requirements of this subsection (g), amounts in the Fund may
2 be used by the State Treasurer to pay the administrative costs
3 of the Program.

4 (g-5) Fund deposits and payments. On July 15 of each year,
5 beginning July 15, 2023, or as soon thereafter as practical,
6 the State Comptroller shall direct and the State Treasurer
7 shall transfer the sum of \$2,500,000, or the amount that is
8 appropriated annually by the General Assembly, whichever is
9 greater, from the General Revenue Fund to the Illinois Higher
10 Education Savings Program Fund to be used for the
11 administration and operation of the Program.

12 (h) Audits and reports. The State Treasurer shall include
13 the Illinois Higher Education Savings Program as part of the
14 audit of the College, Secondary, and Elementary Education
15 Savings Pool described in Section 16.5. The State Treasurer
16 shall annually prepare a report that includes a summary of the
17 Program operations for the preceding fiscal year, including
18 the number of children enrolled in the Program, the total
19 amount of seed fund deposits, the rate of seed deposits
20 claimed, and, to the extent data is reported and available,
21 the racial, ethnic, socioeconomic, and geographic data of
22 beneficiaries and of children who may receive automatic bonus
23 deposits. Such other information that is relevant to make a
24 full disclosure of the operations of the Program and Fund may
25 also be reported. The report shall be made available on the
26 State Treasurer's website by January 31 each year, starting in

1 January of 2024. The State Treasurer may include the Program
2 in other reports as warranted.

3 (i) Rules. The State Treasurer may adopt rules necessary
4 to implement this Section.

5 (Source: P.A. 102-129, eff. 7-23-21; 102-558, eff. 8-20-21;
6 102-1047, eff. 1-1-23; 103-8, eff. 6-7-23; 103-604, eff.
7 7-1-24; 103-778, eff. 8-2-24; revised 10-7-24.)

8 Section 10. The Deposit of State Moneys Act is amended by
9 changing Section 22.5 as follows:

10 (15 ILCS 520/22.5) (from Ch. 130, par. 41a)

11 (For force and effect of certain provisions, see Section
12 90 of P.A. 94-79)

13 Sec. 22.5. Permitted investments. The State Treasurer may
14 invest and reinvest any State money in the State Treasury
15 which is not needed for current expenditures due or about to
16 become due, in obligations of the United States government or
17 its agencies or of National Mortgage Associations established
18 by or under the National Housing Act, 12 U.S.C. 1701 et seq.,
19 or in mortgage participation certificates representing
20 undivided interests in specified, first-lien conventional
21 residential Illinois mortgages that are underwritten, insured,
22 guaranteed, or purchased by the Federal Home Loan Mortgage
23 Corporation or in Affordable Housing Program Trust Fund Bonds
24 or Notes as defined in and issued pursuant to the Illinois

1 Housing Development Act. All such obligations shall be
2 considered as cash and may be delivered over as cash by a State
3 Treasurer to his successor.

4 The State Treasurer may purchase any state bonds with any
5 money in the State Treasury that has been set aside and held
6 for the payment of the principal of and interest on the bonds.
7 The bonds shall be considered as cash and may be delivered over
8 as cash by the State Treasurer to his successor.

9 The State Treasurer may invest or reinvest any State money
10 in the State Treasury that is not needed for current
11 expenditures due or about to become due, or any money in the
12 State Treasury that has been set aside and held for the payment
13 of the principal of and interest on any State bonds, in bonds
14 issued by counties or municipal corporations of the State of
15 Illinois.

16 The State Treasurer may invest or reinvest up to 5% of the
17 College, Secondary, and Elementary Education Savings Pool
18 Administrative Trust Fund, the Illinois Public Treasurer
19 Investment Pool (IPTIP) Administrative Trust Fund, and the
20 State Treasurer's Administrative Fund that is not needed for
21 current expenditures due or about to become due, in common or
22 preferred stocks of publicly traded corporations,
23 partnerships, or limited liability companies, organized in the
24 United States, with assets exceeding \$500,000,000 if: (i) the
25 purchases do not exceed 1% of the corporation's or the limited
26 liability company's outstanding common and preferred stock;

1 (ii) no more than 10% of the total funds are invested in any
2 one publicly traded corporation, partnership, or limited
3 liability company; and (iii) the corporation or the limited
4 liability company has not been placed on the list of
5 restricted companies by the Illinois Investment Policy Board
6 under Section 1-110.16 of the Illinois Pension Code.

7 Whenever the total amount of vouchers presented to the
8 Comptroller under Section 9 of the State Comptroller Act
9 exceeds the funds available in the General Revenue Fund by
10 \$500,000,000 or more, then the State Treasurer may invest any
11 State money in the State Treasury, other than money in the
12 General Revenue Fund, Health Insurance Reserve Fund, Attorney
13 General Court Ordered and Voluntary Compliance Payment
14 Projects Fund, Attorney General Whistleblower Reward and
15 Protection Fund, and Attorney General's State Projects and
16 Court Ordered Distribution Fund, which is not needed for
17 current expenditures, due or about to become due, or any money
18 in the State Treasury which has been set aside and held for the
19 payment of the principal of and the interest on any State bonds
20 with the Office of the Comptroller in order to enable the
21 Comptroller to pay outstanding vouchers. At any time, and from
22 time to time outstanding, such investment shall not be greater
23 than \$2,000,000,000. Such investment shall be deposited into
24 the General Revenue Fund or Health Insurance Reserve Fund as
25 determined by the Comptroller. On or after July 1, 2025, and
26 through June 30, 2026, at the request of the Governor and with

1 the approval of the Treasurer, the Comptroller may make
2 deposits into other funds in the State Treasury to pay
3 outstanding vouchers or in anticipation of vouchers that may
4 be submitted to the Comptroller for payment. Such investment
5 shall be repaid by the Comptroller with an interest rate tied
6 to the Secured Overnight Financing Rate (SOFR) or the Federal
7 Funds Rate or an equivalent market established variable rate,
8 but in no case shall such interest rate exceed the lesser of
9 the penalty rate established under the State Prompt Payment
10 Act or the timely pay interest rate under Section 368a of the
11 Illinois Insurance Code. The State Treasurer and the
12 Comptroller shall enter into an intergovernmental agreement to
13 establish procedures for such investments, which market
14 established variable rate to which the interest rate for the
15 investments should be tied, and other terms which the State
16 Treasurer and Comptroller reasonably believe to be mutually
17 beneficial concerning these investments by the State
18 Treasurer. The State Treasurer and Comptroller shall also
19 enter into a written agreement for each such investment that
20 specifies the period of the investment, the payment interval,
21 the interest rate to be paid, the funds in the State Treasury
22 from which the State Treasurer will draw the investment, and
23 other terms upon which the State Treasurer and Comptroller
24 mutually agree. Such investment agreements shall be public
25 records and the State Treasurer shall post the terms of all
26 such investment agreements on the State Treasurer's official

1 website. In compliance with the intergovernmental agreement,
2 the Comptroller shall order and the State Treasurer shall
3 transfer amounts sufficient for the payment of principal and
4 interest invested by the State Treasurer with the Office of
5 the Comptroller under this paragraph from the General Revenue
6 Fund or the Health Insurance Reserve Fund or, from July 1, 2025
7 through June 30, 2026, the fund identified by the Governor, to
8 the respective funds in the State Treasury from which the
9 State Treasurer drew the investment. Public Act 100-1107 shall
10 constitute an irrevocable and continuing authority for all
11 amounts necessary for the payment of principal and interest on
12 the investments made with the Office of the Comptroller by the
13 State Treasurer under this paragraph, and the irrevocable and
14 continuing authority for and direction to the Comptroller and
15 State Treasurer to make the necessary transfers.

16 The State Treasurer may invest or reinvest any State money
17 in the State Treasury that is not needed for current
18 expenditure, due or about to become due, or any money in the
19 State Treasury that has been set aside and held for the payment
20 of the principal of and the interest on any State bonds, in any
21 of the following:

22 (1) Bonds, notes, certificates of indebtedness,
23 Treasury bills, or other securities now or hereafter
24 issued that are guaranteed by the full faith and credit of
25 the United States of America as to principal and interest.

26 (2) Bonds, notes, debentures, or other similar

1 obligations of the United States of America, its agencies,
2 and instrumentalities, or other obligations that are
3 issued or guaranteed by supranational entities; provided,
4 that at the time of investment, the entity has the United
5 States government as a shareholder.

6 (2.5) Bonds, notes, debentures, or other similar
7 obligations of a foreign government, other than the
8 Republic of the Sudan, that are guaranteed by the full
9 faith and credit of that government as to principal and
10 interest, but only if the foreign government has not
11 defaulted and has met its payment obligations in a timely
12 manner on all similar obligations for a period of at least
13 25 years immediately before the time of acquiring those
14 obligations.

15 (3) Interest-bearing savings accounts,
16 interest-bearing certificates of deposit,
17 interest-bearing time deposits, or any other investments
18 constituting direct obligations of any bank as defined by
19 the Illinois Banking Act.

20 (4) Interest-bearing accounts, certificates of
21 deposit, or any other investments constituting direct
22 obligations of any savings and loan associations
23 incorporated under the laws of this State or any other
24 state or under the laws of the United States.

25 (5) Dividend-bearing share accounts, share certificate
26 accounts, or class of share accounts of a credit union

1 chartered under the laws of this State or the laws of the
2 United States; provided, however, the principal office of
3 the credit union must be located within the State of
4 Illinois.

5 (6) Bankers' acceptances of banks whose senior
6 obligations are rated in the top 2 rating categories by 2
7 national rating agencies and maintain that rating during
8 the term of the investment and the bank has not been placed
9 on the list of restricted companies by the Illinois
10 Investment Policy Board under Section 1-110.16 of the
11 Illinois Pension Code.

12 (7) Short-term obligations of either corporations or
13 limited liability companies organized in the United States
14 with assets exceeding \$500,000,000 if (i) the obligations
15 are rated at the time of purchase at one of the 3 highest
16 classifications established by at least 2 standard rating
17 services and mature not later than 270 days from the date
18 of purchase, (ii) the purchases do not exceed 10% of the
19 corporation's or the limited liability company's
20 outstanding obligations, (iii) no more than one-third of
21 the public agency's funds are invested in short-term
22 obligations of either corporations or limited liability
23 companies, and (iv) the corporation or the limited
24 liability company has not been placed on the list of
25 restricted companies by the Illinois Investment Policy
26 Board under Section 1-110.16 of the Illinois Pension Code.

1 (7.5) Obligations of either corporations or limited
2 liability companies organized in the United States, that
3 have a significant presence in this State, with assets
4 exceeding \$500,000,000 if: (i) the obligations are rated
5 at the time of purchase at one of the 3 highest
6 classifications established by at least 2 standard rating
7 services and mature more than 270 days, but less than 10
8 years, from the date of purchase; (ii) the purchases do
9 not exceed 10% of the corporation's or the limited
10 liability company's outstanding obligations; (iii) no more
11 than one-third of the public agency's funds are invested
12 in such obligations of corporations or limited liability
13 companies; and (iv) the corporation or the limited
14 liability company has not been placed on the list of
15 restricted companies by the Illinois Investment Policy
16 Board under Section 1-110.16 of the Illinois Pension Code.

17 (8) Money market mutual funds registered under the
18 Investment Company Act of 1940.

19 (9) The Public Treasurers' Investment Pool created
20 under Section 17 of the State Treasurer Act or in a fund
21 managed, operated, and administered by a bank.

22 (10) Repurchase agreements of government securities
23 having the meaning set out in the Government Securities
24 Act of 1986, as now or hereafter amended or succeeded,
25 subject to the provisions of that Act and the regulations
26 issued thereunder.

1 (11) Investments made in accordance with the
2 Technology Development Act.

3 (12) Investments made in accordance with the Student
4 Investment Account Act.

5 (13) Investments constituting direct obligations of a
6 community development financial institution, which is
7 certified by the United States Treasury Community
8 Development Financial Institutions Fund and is operating
9 in the State of Illinois.

10 (14) Investments constituting direct obligations of a
11 minority depository institution, as designated by the
12 Federal Deposit Insurance Corporation, that is operating
13 in the State of Illinois.

14 (15) Investments made in accordance with any other law
15 that authorizes the State Treasurer to invest or deposit
16 funds.

17 For purposes of this Section, "agencies" of the United
18 States Government includes:

19 (i) the federal land banks, federal intermediate
20 credit banks, banks for cooperatives, federal farm credit
21 banks, or any other entity authorized to issue debt
22 obligations under the Farm Credit Act of 1971 (12 U.S.C.
23 2001 et seq.) and Acts amendatory thereto;

24 (ii) the federal home loan banks and the federal home
25 loan mortgage corporation;

26 (iii) the Commodity Credit Corporation; and

1 (iv) any other agency created by Act of Congress.

2 The State Treasurer may lend any securities acquired under
3 this Act. However, securities may be lent under this Section
4 only in accordance with Federal Financial Institution
5 Examination Council guidelines and only if the securities are
6 collateralized at a level sufficient to assure the safety of
7 the securities, taking into account market value fluctuation.
8 The securities may be collateralized by cash or collateral
9 acceptable under Sections 11 and 11.1.

10 (Source: P.A. 104-2, eff. 6-16-25.)

11 Section 15. The Illinois Income Tax Act is amended by
12 changing Sections 203 and 218 as follows:

13 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

14 Sec. 203. Base income defined.

15 (a) Individuals.

16 (1) In general. In the case of an individual, base
17 income means an amount equal to the taxpayer's adjusted
18 gross income for the taxable year as modified by paragraph
19 (2).

20 (2) Modifications. The adjusted gross income referred
21 to in paragraph (1) shall be modified by adding thereto
22 the sum of the following amounts:

23 (A) An amount equal to all amounts paid or accrued
24 to the taxpayer as interest or dividends during the

1 taxable year to the extent excluded from gross income
2 in the computation of adjusted gross income, except
3 stock dividends of qualified public utilities
4 described in Section 305(e) of the Internal Revenue
5 Code;

6 (B) An amount equal to the amount of tax imposed by
7 this Act to the extent deducted from gross income in
8 the computation of adjusted gross income for the
9 taxable year;

10 (C) An amount equal to the amount received during
11 the taxable year as a recovery or refund of real
12 property taxes paid with respect to the taxpayer's
13 principal residence under the Revenue Act of 1939 and
14 for which a deduction was previously taken under
15 subparagraph (L) of this paragraph (2) prior to July
16 1, 1991, the retrospective application date of Article
17 4 of Public Act 87-17. In the case of multi-unit or
18 multi-use structures and farm dwellings, the taxes on
19 the taxpayer's principal residence shall be that
20 portion of the total taxes for the entire property
21 which is attributable to such principal residence;

22 (D) An amount equal to the amount of the capital
23 gain deduction allowable under the Internal Revenue
24 Code, to the extent deducted from gross income in the
25 computation of adjusted gross income;

26 (D-5) An amount, to the extent not included in

1 adjusted gross income, equal to the amount of money
2 withdrawn by the taxpayer in the taxable year from a
3 medical care savings account and the interest earned
4 on the account in the taxable year of a withdrawal
5 pursuant to subsection (b) of Section 20 of the
6 Medical Care Savings Account Act or subsection (b) of
7 Section 20 of the Medical Care Savings Account Act of
8 2000;

9 (D-10) For taxable years ending after December 31,
10 1997, an amount equal to any eligible remediation
11 costs that the individual deducted in computing
12 adjusted gross income and for which the individual
13 claims a credit under subsection (l) of Section 201;

14 (D-15) For taxable years 2001 and thereafter, an
15 amount equal to the bonus depreciation deduction taken
16 on the taxpayer's federal income tax return for the
17 taxable year under subsection (k) of Section 168 of
18 the Internal Revenue Code;

19 (D-16) If the taxpayer sells, transfers, abandons,
20 or otherwise disposes of property for which the
21 taxpayer was required in any taxable year to make an
22 addition modification under subparagraph (D-15), then
23 an amount equal to the aggregate amount of the
24 deductions taken in all taxable years under
25 subparagraph (Z) with respect to that property.

26 If the taxpayer continues to own property through

1 the last day of the last tax year for which a
2 subtraction is allowed with respect to that property
3 under subparagraph (Z) and for which the taxpayer was
4 allowed in any taxable year to make a subtraction
5 modification under subparagraph (Z), then an amount
6 equal to that subtraction modification.

7 The taxpayer is required to make the addition
8 modification under this subparagraph only once with
9 respect to any one piece of property;

10 (D-17) An amount equal to the amount otherwise
11 allowed as a deduction in computing base income for
12 interest paid, accrued, or incurred, directly or
13 indirectly, (i) for taxable years ending on or after
14 December 31, 2004, to a foreign person who would be a
15 member of the same unitary business group but for the
16 fact that foreign person's business activity outside
17 the United States is 80% or more of the foreign
18 person's total business activity and (ii) for taxable
19 years ending on or after December 31, 2008, to a person
20 who would be a member of the same unitary business
21 group but for the fact that the person is prohibited
22 under Section 1501(a)(27) from being included in the
23 unitary business group because he or she is ordinarily
24 required to apportion business income under different
25 subsections of Section 304. The addition modification
26 required by this subparagraph shall be reduced to the

1 extent that dividends were included in base income of
2 the unitary group for the same taxable year and
3 received by the taxpayer or by a member of the
4 taxpayer's unitary business group (including amounts
5 included in gross income under Sections 951 through
6 964 of the Internal Revenue Code and amounts included
7 in gross income under Section 78 of the Internal
8 Revenue Code) with respect to the stock of the same
9 person to whom the interest was paid, accrued, or
10 incurred.

11 This paragraph shall not apply to the following:

12 (i) an item of interest paid, accrued, or
13 incurred, directly or indirectly, to a person who
14 is subject in a foreign country or state, other
15 than a state which requires mandatory unitary
16 reporting, to a tax on or measured by net income
17 with respect to such interest; or

18 (ii) an item of interest paid, accrued, or
19 incurred, directly or indirectly, to a person if
20 the taxpayer can establish, based on a
21 preponderance of the evidence, both of the
22 following:

23 (a) the person, during the same taxable
24 year, paid, accrued, or incurred, the interest
25 to a person that is not a related member, and

26 (b) the transaction giving rise to the

1 interest expense between the taxpayer and the
2 person did not have as a principal purpose the
3 avoidance of Illinois income tax, and is paid
4 pursuant to a contract or agreement that
5 reflects an arm's-length interest rate and
6 terms; or

7 (iii) the taxpayer can establish, based on
8 clear and convincing evidence, that the interest
9 paid, accrued, or incurred relates to a contract
10 or agreement entered into at arm's-length rates
11 and terms and the principal purpose for the
12 payment is not federal or Illinois tax avoidance;
13 or

14 (iv) an item of interest paid, accrued, or
15 incurred, directly or indirectly, to a person if
16 the taxpayer establishes by clear and convincing
17 evidence that the adjustments are unreasonable; or
18 if the taxpayer and the Director agree in writing
19 to the application or use of an alternative method
20 of apportionment under Section 304(f).

21 Nothing in this subsection shall preclude the
22 Director from making any other adjustment
23 otherwise allowed under Section 404 of this Act
24 for any tax year beginning after the effective
25 date of this amendment provided such adjustment is
26 made pursuant to regulation adopted by the

1 Department and such regulations provide methods
2 and standards by which the Department will utilize
3 its authority under Section 404 of this Act;

4 (D-18) An amount equal to the amount of intangible
5 expenses and costs otherwise allowed as a deduction in
6 computing base income, and that were paid, accrued, or
7 incurred, directly or indirectly, (i) for taxable
8 years ending on or after December 31, 2004, to a
9 foreign person who would be a member of the same
10 unitary business group but for the fact that the
11 foreign person's business activity outside the United
12 States is 80% or more of that person's total business
13 activity and (ii) for taxable years ending on or after
14 December 31, 2008, to a person who would be a member of
15 the same unitary business group but for the fact that
16 the person is prohibited under Section 1501(a)(27)
17 from being included in the unitary business group
18 because he or she is ordinarily required to apportion
19 business income under different subsections of Section
20 304. The addition modification required by this
21 subparagraph shall be reduced to the extent that
22 dividends were included in base income of the unitary
23 group for the same taxable year and received by the
24 taxpayer or by a member of the taxpayer's unitary
25 business group (including amounts included in gross
26 income under Sections 951 through 964 of the Internal

1 Revenue Code and amounts included in gross income
2 under Section 78 of the Internal Revenue Code) with
3 respect to the stock of the same person to whom the
4 intangible expenses and costs were directly or
5 indirectly paid, incurred, or accrued. The preceding
6 sentence does not apply to the extent that the same
7 dividends caused a reduction to the addition
8 modification required under Section 203(a)(2)(D-17) of
9 this Act. As used in this subparagraph, the term
10 "intangible expenses and costs" includes (1) expenses,
11 losses, and costs for, or related to, the direct or
12 indirect acquisition, use, maintenance or management,
13 ownership, sale, exchange, or any other disposition of
14 intangible property; (2) losses incurred, directly or
15 indirectly, from factoring transactions or discounting
16 transactions; (3) royalty, patent, technical, and
17 copyright fees; (4) licensing fees; and (5) other
18 similar expenses and costs. For purposes of this
19 subparagraph, "intangible property" includes patents,
20 patent applications, trade names, trademarks, service
21 marks, copyrights, mask works, trade secrets, and
22 similar types of intangible assets.

23 This paragraph shall not apply to the following:

24 (i) any item of intangible expenses or costs
25 paid, accrued, or incurred, directly or
26 indirectly, from a transaction with a person who

1 is subject in a foreign country or state, other
2 than a state which requires mandatory unitary
3 reporting, to a tax on or measured by net income
4 with respect to such item; or

5 (ii) any item of intangible expense or cost
6 paid, accrued, or incurred, directly or
7 indirectly, if the taxpayer can establish, based
8 on a preponderance of the evidence, both of the
9 following:

10 (a) the person during the same taxable
11 year paid, accrued, or incurred, the
12 intangible expense or cost to a person that is
13 not a related member, and

14 (b) the transaction giving rise to the
15 intangible expense or cost between the
16 taxpayer and the person did not have as a
17 principal purpose the avoidance of Illinois
18 income tax, and is paid pursuant to a contract
19 or agreement that reflects arm's-length terms;

20 or

21 (iii) any item of intangible expense or cost
22 paid, accrued, or incurred, directly or
23 indirectly, from a transaction with a person if
24 the taxpayer establishes by clear and convincing
25 evidence, that the adjustments are unreasonable;
26 or if the taxpayer and the Director agree in

1 writing to the application or use of an
2 alternative method of apportionment under Section
3 304(f);

4 Nothing in this subsection shall preclude the
5 Director from making any other adjustment
6 otherwise allowed under Section 404 of this Act
7 for any tax year beginning after the effective
8 date of this amendment provided such adjustment is
9 made pursuant to regulation adopted by the
10 Department and such regulations provide methods
11 and standards by which the Department will utilize
12 its authority under Section 404 of this Act;

13 (D-19) For taxable years ending on or after
14 December 31, 2008, an amount equal to the amount of
15 insurance premium expenses and costs otherwise allowed
16 as a deduction in computing base income, and that were
17 paid, accrued, or incurred, directly or indirectly, to
18 a person who would be a member of the same unitary
19 business group but for the fact that the person is
20 prohibited under Section 1501(a)(27) from being
21 included in the unitary business group because he or
22 she is ordinarily required to apportion business
23 income under different subsections of Section 304. The
24 addition modification required by this subparagraph
25 shall be reduced to the extent that dividends were
26 included in base income of the unitary group for the

1 same taxable year and received by the taxpayer or by a
2 member of the taxpayer's unitary business group
3 (including amounts included in gross income under
4 Sections 951 through 964 of the Internal Revenue Code
5 and amounts included in gross income under Section 78
6 of the Internal Revenue Code) with respect to the
7 stock of the same person to whom the premiums and costs
8 were directly or indirectly paid, incurred, or
9 accrued. The preceding sentence does not apply to the
10 extent that the same dividends caused a reduction to
11 the addition modification required under Section
12 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this
13 Act;

14 (D-20) For taxable years beginning on or after
15 January 1, 2002 and ending on or before December 31,
16 2006, in the case of a distribution from a qualified
17 tuition program under Section 529 of the Internal
18 Revenue Code, other than (i) a distribution from a
19 College Savings Pool created under Section 16.5 of the
20 State Treasurer Act (now known as a College,
21 Secondary, and Elementary Education Savings Pool) or
22 (ii) a distribution from the Illinois Prepaid Tuition
23 Trust Fund, an amount equal to the amount excluded
24 from gross income under Section 529(c)(3)(B). For
25 taxable years beginning on or after January 1, 2007,
26 in the case of a distribution from a qualified tuition

1 program under Section 529 of the Internal Revenue
2 Code, other than (i) a distribution from a College,
3 Secondary, and Elementary Education Savings Pool
4 created under Section 16.5 of the State Treasurer Act,
5 (ii) a distribution from the Illinois Prepaid Tuition
6 Trust Fund, or (iii) a distribution from a qualified
7 tuition program under Section 529 of the Internal
8 Revenue Code that (I) adopts and determines that its
9 offering materials comply with the College Savings
10 Plans Network's disclosure principles and (II) has
11 made reasonable efforts to inform in-state residents
12 of the existence of in-state qualified tuition
13 programs by informing Illinois residents directly and,
14 where applicable, to inform financial intermediaries
15 distributing the program to inform in-state residents
16 of the existence of in-state qualified tuition
17 programs at least annually, an amount equal to the
18 amount excluded from gross income under Section
19 529(c) (3) (B).

20 For the purposes of this subparagraph (D-20), a
21 qualified tuition program has made reasonable efforts
22 if it makes disclosures (which may use the term
23 "in-state program" or "in-state plan" and need not
24 specifically refer to Illinois or its qualified
25 programs by name) (i) directly to prospective
26 participants in its offering materials or makes a

1 public disclosure, such as a website posting; and (ii)
2 where applicable, to intermediaries selling the
3 out-of-state program in the same manner that the
4 out-of-state program distributes its offering
5 materials;

6 (D-20.5) For taxable years beginning on or after
7 January 1, 2018, in the case of a distribution from a
8 qualified ABLE program under Section 529A of the
9 Internal Revenue Code, other than a distribution from
10 a qualified ABLE program created under Section 16.6 of
11 the State Treasurer Act, an amount equal to the amount
12 excluded from gross income under Section 529A(c) (1) (B)
13 of the Internal Revenue Code;

14 (D-21) For taxable years beginning on or after
15 January 1, 2007, in the case of transfer of moneys from
16 a qualified tuition program under Section 529 of the
17 Internal Revenue Code that is administered by the
18 State to an out-of-state program, an amount equal to
19 the amount of moneys previously deducted from base
20 income under subsection (a) (2) (Y) of this Section;

21 (D-21.5) For taxable years beginning on or after
22 January 1, 2018, in the case of the transfer of moneys
23 from a qualified tuition program under Section 529 or
24 a qualified ABLE program under Section 529A of the
25 Internal Revenue Code that is administered by this
26 State to an ABLE account established under an

1 out-of-state ABLE account program, an amount equal to
2 the contribution component of the transferred amount
3 that was previously deducted from base income under
4 subsection (a)(2)(Y) or subsection (a)(2)(HH) of this
5 Section;

6 (D-22) For taxable years beginning on or after
7 January 1, 2009, and prior to January 1, 2018, in the
8 case of a nonqualified withdrawal or refund of moneys
9 from a qualified tuition program under Section 529 of
10 the Internal Revenue Code administered by the State
11 that is not used for qualified expenses at an eligible
12 education institution, an amount equal to the
13 contribution component of the nonqualified withdrawal
14 or refund that was previously deducted from base
15 income under subsection (a)(2)(y) of this Section,
16 provided that the withdrawal or refund did not result
17 from the beneficiary's death or disability. For
18 taxable years beginning on or after January 1, 2018:
19 (1) in the case of a nonqualified withdrawal or
20 refund, as defined under Section 16.5 of the State
21 Treasurer Act, of moneys from a qualified tuition
22 program under Section 529 of the Internal Revenue Code
23 administered by the State, an amount equal to the
24 contribution component of the nonqualified withdrawal
25 or refund that was previously deducted from base
26 income under subsection (a)(2)(Y) of this Section, and

1 (2) in the case of a nonqualified withdrawal or refund
2 from a qualified ABLE program under Section 529A of
3 the Internal Revenue Code administered by the State
4 that is not used for qualified disability expenses, an
5 amount equal to the contribution component of the
6 nonqualified withdrawal or refund that was previously
7 deducted from base income under subsection (a)(2)(HH)
8 of this Section;

9 (D-23) An amount equal to the credit allowable to
10 the taxpayer under Section 218(a) of this Act,
11 determined without regard to Section 218(c) of this
12 Act;

13 (D-24) For taxable years ending on or after
14 December 31, 2017, an amount equal to the deduction
15 allowed under Section 199 of the Internal Revenue Code
16 for the taxable year;

17 (D-25) In the case of a resident, an amount equal
18 to the amount of tax for which a credit is allowed
19 pursuant to Section 201(p)(7) of this Act;

20 and by deducting from the total so obtained the sum of the
21 following amounts:

22 (E) For taxable years ending before December 31,
23 2001, any amount included in such total in respect of
24 any compensation (including but not limited to any
25 compensation paid or accrued to a serviceman while a
26 prisoner of war or missing in action) paid to a

1 resident by reason of being on active duty in the Armed
2 Forces of the United States and in respect of any
3 compensation paid or accrued to a resident who as a
4 governmental employee was a prisoner of war or missing
5 in action, and in respect of any compensation paid to a
6 resident in 1971 or thereafter for annual training
7 performed pursuant to Sections 502 and 503, Title 32,
8 United States Code as a member of the Illinois
9 National Guard or, beginning with taxable years ending
10 on or after December 31, 2007, the National Guard of
11 any other state. For taxable years ending on or after
12 December 31, 2001, any amount included in such total
13 in respect of any compensation (including but not
14 limited to any compensation paid or accrued to a
15 serviceman while a prisoner of war or missing in
16 action) paid to a resident by reason of being a member
17 of any component of the Armed Forces of the United
18 States and in respect of any compensation paid or
19 accrued to a resident who as a governmental employee
20 was a prisoner of war or missing in action, and in
21 respect of any compensation paid to a resident in 2001
22 or thereafter by reason of being a member of the
23 Illinois National Guard or, beginning with taxable
24 years ending on or after December 31, 2007, the
25 National Guard of any other state. The provisions of
26 this subparagraph (E) are exempt from the provisions

1 of Section 250;

2 (F) An amount equal to all amounts included in
3 such total pursuant to the provisions of Sections
4 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and
5 408 of the Internal Revenue Code, or included in such
6 total as distributions under the provisions of any
7 retirement or disability plan for employees of any
8 governmental agency or unit, or retirement payments to
9 retired partners, which payments are excluded in
10 computing net earnings from self employment by Section
11 1402 of the Internal Revenue Code and regulations
12 adopted pursuant thereto;

13 (G) The valuation limitation amount;

14 (H) An amount equal to the amount of any tax
15 imposed by this Act which was refunded to the taxpayer
16 and included in such total for the taxable year;

17 (I) An amount equal to all amounts included in
18 such total pursuant to the provisions of Section 111
19 of the Internal Revenue Code as a recovery of items
20 previously deducted from adjusted gross income in the
21 computation of taxable income;

22 (J) An amount equal to those dividends included in
23 such total which were paid by a corporation which
24 conducts business operations in a River Edge
25 Redevelopment Zone or zones created under the River
26 Edge Redevelopment Zone Act, and conducts

1 substantially all of its operations in a River Edge
2 Redevelopment Zone or zones. This subparagraph (J) is
3 exempt from the provisions of Section 250;

4 (K) An amount equal to those dividends included in
5 such total that were paid by a corporation that
6 conducts business operations in a federally designated
7 Foreign Trade Zone or Sub-Zone and that is designated
8 a High Impact Business located in Illinois; provided
9 that dividends eligible for the deduction provided in
10 subparagraph (J) of paragraph (2) of this subsection
11 shall not be eligible for the deduction provided under
12 this subparagraph (K);

13 (L) For taxable years ending after December 31,
14 1983, an amount equal to all social security benefits
15 and railroad retirement benefits included in such
16 total pursuant to Sections 72(r) and 86 of the
17 Internal Revenue Code;

18 (M) With the exception of any amounts subtracted
19 under subparagraph (N), an amount equal to the sum of
20 all amounts disallowed as deductions by (i) Sections
21 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
22 and all amounts of expenses allocable to interest and
23 disallowed as deductions by Section 265(a)(1) of the
24 Internal Revenue Code; and (ii) for taxable years
25 ending on or after August 13, 1999, Sections
26 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the

1 Internal Revenue Code, plus, for taxable years ending
2 on or after December 31, 2011, Section 45G(e)(3) of
3 the Internal Revenue Code and, for taxable years
4 ending on or after December 31, 2008, any amount
5 included in gross income under Section 87 of the
6 Internal Revenue Code; the provisions of this
7 subparagraph are exempt from the provisions of Section
8 250;

9 (N) An amount equal to all amounts included in
10 such total which are exempt from taxation by this
11 State either by reason of its statutes or Constitution
12 or by reason of the Constitution, treaties or statutes
13 of the United States; provided that, in the case of any
14 statute of this State that exempts income derived from
15 bonds or other obligations from the tax imposed under
16 this Act, the amount exempted shall be the interest
17 net of bond premium amortization;

18 (O) An amount equal to any contribution made to a
19 job training project established pursuant to the Tax
20 Increment Allocation Redevelopment Act;

21 (P) An amount equal to the amount of the deduction
22 used to compute the federal income tax credit for
23 restoration of substantial amounts held under claim of
24 right for the taxable year pursuant to Section 1341 of
25 the Internal Revenue Code or of any itemized deduction
26 taken from adjusted gross income in the computation of

1 taxable income for restoration of substantial amounts
2 held under claim of right for the taxable year;

3 (Q) An amount equal to any amounts included in
4 such total, received by the taxpayer as an
5 acceleration in the payment of life, endowment or
6 annuity benefits in advance of the time they would
7 otherwise be payable as an indemnity for a terminal
8 illness;

9 (R) An amount equal to the amount of any federal or
10 State bonus paid to veterans of the Persian Gulf War;

11 (S) An amount, to the extent included in adjusted
12 gross income, equal to the amount of a contribution
13 made in the taxable year on behalf of the taxpayer to a
14 medical care savings account established under the
15 Medical Care Savings Account Act or the Medical Care
16 Savings Account Act of 2000 to the extent the
17 contribution is accepted by the account administrator
18 as provided in that Act;

19 (T) An amount, to the extent included in adjusted
20 gross income, equal to the amount of interest earned
21 in the taxable year on a medical care savings account
22 established under the Medical Care Savings Account Act
23 or the Medical Care Savings Account Act of 2000 on
24 behalf of the taxpayer, other than interest added
25 pursuant to item (D-5) of this paragraph (2);

26 (U) For one taxable year beginning on or after

1 January 1, 1994, an amount equal to the total amount of
2 tax imposed and paid under subsections (a) and (b) of
3 Section 201 of this Act on grant amounts received by
4 the taxpayer under the Nursing Home Grant Assistance
5 Act during the taxpayer's taxable years 1992 and 1993;

6 (V) Beginning with tax years ending on or after
7 December 31, 1995 and ending with tax years ending on
8 or before December 31, 2004, an amount equal to the
9 amount paid by a taxpayer who is a self-employed
10 taxpayer, a partner of a partnership, or a shareholder
11 in a Subchapter S corporation for health insurance or
12 long-term care insurance for that taxpayer or that
13 taxpayer's spouse or dependents, to the extent that
14 the amount paid for that health insurance or long-term
15 care insurance may be deducted under Section 213 of
16 the Internal Revenue Code, has not been deducted on
17 the federal income tax return of the taxpayer, and
18 does not exceed the taxable income attributable to
19 that taxpayer's income, self-employment income, or
20 Subchapter S corporation income; except that no
21 deduction shall be allowed under this item (V) if the
22 taxpayer is eligible to participate in any health
23 insurance or long-term care insurance plan of an
24 employer of the taxpayer or the taxpayer's spouse. The
25 amount of the health insurance and long-term care
26 insurance subtracted under this item (V) shall be

1 determined by multiplying total health insurance and
2 long-term care insurance premiums paid by the taxpayer
3 times a number that represents the fractional
4 percentage of eligible medical expenses under Section
5 213 of the Internal Revenue Code of 1986 not actually
6 deducted on the taxpayer's federal income tax return;

7 (W) For taxable years beginning on or after
8 January 1, 1998, all amounts included in the
9 taxpayer's federal gross income in the taxable year
10 from amounts converted from a regular IRA to a Roth
11 IRA. This paragraph is exempt from the provisions of
12 Section 250;

13 (X) For taxable year 1999 and thereafter, an
14 amount equal to the amount of any (i) distributions,
15 to the extent includible in gross income for federal
16 income tax purposes, made to the taxpayer because of
17 his or her status as a victim of persecution for racial
18 or religious reasons by Nazi Germany or any other Axis
19 regime or as an heir of the victim and (ii) items of
20 income, to the extent includible in gross income for
21 federal income tax purposes, attributable to, derived
22 from or in any way related to assets stolen from,
23 hidden from, or otherwise lost to a victim of
24 persecution for racial or religious reasons by Nazi
25 Germany or any other Axis regime immediately prior to,
26 during, and immediately after World War II, including,

1 but not limited to, interest on the proceeds
2 receivable as insurance under policies issued to a
3 victim of persecution for racial or religious reasons
4 by Nazi Germany or any other Axis regime by European
5 insurance companies immediately prior to and during
6 World War II; provided, however, this subtraction from
7 federal adjusted gross income does not apply to assets
8 acquired with such assets or with the proceeds from
9 the sale of such assets; provided, further, this
10 paragraph shall only apply to a taxpayer who was the
11 first recipient of such assets after their recovery
12 and who is a victim of persecution for racial or
13 religious reasons by Nazi Germany or any other Axis
14 regime or as an heir of the victim. The amount of and
15 the eligibility for any public assistance, benefit, or
16 similar entitlement is not affected by the inclusion
17 of items (i) and (ii) of this paragraph in gross income
18 for federal income tax purposes. This paragraph is
19 exempt from the provisions of Section 250;

20 (Y) For taxable years beginning on or after
21 January 1, 2002 and ending on or before December 31,
22 2004, moneys contributed in the taxable year to a
23 College Savings Pool account under Section 16.5 of the
24 State Treasurer Act (now known as a College,
25 Secondary, and Elementary Education Savings Pool),
26 except that amounts excluded from gross income under

1 Section 529(c)(3)(C)(i) of the Internal Revenue Code
2 shall not be considered moneys contributed under this
3 subparagraph (Y). For taxable years beginning on or
4 after January 1, 2005, a maximum of \$10,000
5 contributed in the taxable year to (i) a College,
6 Secondary, and Elementary Education Savings Pool
7 account under Section 16.5 of the State Treasurer Act
8 or (ii) the Illinois Prepaid Tuition Trust Fund,
9 except that amounts excluded from gross income under
10 Section 529(c)(3)(C)(i) of the Internal Revenue Code
11 shall not be considered moneys contributed under this
12 subparagraph (Y). For purposes of this subparagraph,
13 contributions made by an employer on behalf of an
14 employee, or matching contributions made by an
15 employee, shall be treated as made by the employee.
16 This subparagraph (Y) is exempt from the provisions of
17 Section 250;

18 (Z) For taxable years 2001 and thereafter, for the
19 taxable year in which the bonus depreciation deduction
20 is taken on the taxpayer's federal income tax return
21 under subsection (k) of Section 168 of the Internal
22 Revenue Code and for each applicable taxable year
23 thereafter, an amount equal to "x", where:

24 (1) "y" equals the amount of the depreciation
25 deduction taken for the taxable year on the
26 taxpayer's federal income tax return on property

1 for which the bonus depreciation deduction was
2 taken in any year under subsection (k) of Section
3 168 of the Internal Revenue Code, but not
4 including the bonus depreciation deduction;

5 (2) for taxable years ending on or before
6 December 31, 2005, "x" equals "y" multiplied by 30
7 and then divided by 70 (or "y" multiplied by
8 0.429); and

9 (3) for taxable years ending after December
10 31, 2005:

11 (i) for property on which a bonus
12 depreciation deduction of 30% of the adjusted
13 basis was taken, "x" equals "y" multiplied by
14 30 and then divided by 70 (or "y" multiplied
15 by 0.429);

16 (ii) for property on which a bonus
17 depreciation deduction of 50% of the adjusted
18 basis was taken, "x" equals "y" multiplied by
19 1.0;

20 (iii) for property on which a bonus
21 depreciation deduction of 100% of the adjusted
22 basis was taken in a taxable year ending on or
23 after December 31, 2021, "x" equals the
24 depreciation deduction that would be allowed
25 on that property if the taxpayer had made the
26 election under Section 168(k)(7) of the

1 Internal Revenue Code to not claim bonus
2 depreciation on that property; and

3 (iv) for property on which a bonus
4 depreciation deduction of a percentage other
5 than 30%, 50% or 100% of the adjusted basis
6 was taken in a taxable year ending on or after
7 December 31, 2021, "x" equals "y" multiplied
8 by 100 times the percentage bonus depreciation
9 on the property (that is, $100(\text{bonus}\%)$) and
10 then divided by 100 times 1 minus the
11 percentage bonus depreciation on the property
12 (that is, $100(1-\text{bonus}\%)$).

13 The aggregate amount deducted under this
14 subparagraph in all taxable years for any one piece of
15 property may not exceed the amount of the bonus
16 depreciation deduction taken on that property on the
17 taxpayer's federal income tax return under subsection
18 (k) of Section 168 of the Internal Revenue Code. This
19 subparagraph (Z) is exempt from the provisions of
20 Section 250;

21 (AA) If the taxpayer sells, transfers, abandons,
22 or otherwise disposes of property for which the
23 taxpayer was required in any taxable year to make an
24 addition modification under subparagraph (D-15), then
25 an amount equal to that addition modification.

26 If the taxpayer continues to own property through

1 the last day of the last tax year for which a
2 subtraction is allowed with respect to that property
3 under subparagraph (Z) and for which the taxpayer was
4 required in any taxable year to make an addition
5 modification under subparagraph (D-15), then an amount
6 equal to that addition modification.

7 The taxpayer is allowed to take the deduction
8 under this subparagraph only once with respect to any
9 one piece of property.

10 This subparagraph (AA) is exempt from the
11 provisions of Section 250;

12 (BB) Any amount included in adjusted gross income,
13 other than salary, received by a driver in a
14 ridesharing arrangement using a motor vehicle;

15 (CC) The amount of (i) any interest income (net of
16 the deductions allocable thereto) taken into account
17 for the taxable year with respect to a transaction
18 with a taxpayer that is required to make an addition
19 modification with respect to such transaction under
20 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
21 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
22 the amount of that addition modification, and (ii) any
23 income from intangible property (net of the deductions
24 allocable thereto) taken into account for the taxable
25 year with respect to a transaction with a taxpayer
26 that is required to make an addition modification with

1 respect to such transaction under Section
2 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
3 203(d)(2)(D-8), but not to exceed the amount of that
4 addition modification. This subparagraph (CC) is
5 exempt from the provisions of Section 250;

6 (DD) An amount equal to the interest income taken
7 into account for the taxable year (net of the
8 deductions allocable thereto) with respect to
9 transactions with (i) a foreign person who would be a
10 member of the taxpayer's unitary business group but
11 for the fact that the foreign person's business
12 activity outside the United States is 80% or more of
13 that person's total business activity and (ii) for
14 taxable years ending on or after December 31, 2008, to
15 a person who would be a member of the same unitary
16 business group but for the fact that the person is
17 prohibited under Section 1501(a)(27) from being
18 included in the unitary business group because he or
19 she is ordinarily required to apportion business
20 income under different subsections of Section 304, but
21 not to exceed the addition modification required to be
22 made for the same taxable year under Section
23 203(a)(2)(D-17) for interest paid, accrued, or
24 incurred, directly or indirectly, to the same person.
25 This subparagraph (DD) is exempt from the provisions
26 of Section 250;

1 (EE) An amount equal to the income from intangible
2 property taken into account for the taxable year (net
3 of the deductions allocable thereto) with respect to
4 transactions with (i) a foreign person who would be a
5 member of the taxpayer's unitary business group but
6 for the fact that the foreign person's business
7 activity outside the United States is 80% or more of
8 that person's total business activity and (ii) for
9 taxable years ending on or after December 31, 2008, to
10 a person who would be a member of the same unitary
11 business group but for the fact that the person is
12 prohibited under Section 1501(a)(27) from being
13 included in the unitary business group because he or
14 she is ordinarily required to apportion business
15 income under different subsections of Section 304, but
16 not to exceed the addition modification required to be
17 made for the same taxable year under Section
18 203(a)(2)(D-18) for intangible expenses and costs
19 paid, accrued, or incurred, directly or indirectly, to
20 the same foreign person. This subparagraph (EE) is
21 exempt from the provisions of Section 250;

22 (FF) An amount equal to any amount awarded to the
23 taxpayer during the taxable year by the Court of
24 Claims under subsection (c) of Section 8 of the Court
25 of Claims Act for time unjustly served in a State
26 prison. This subparagraph (FF) is exempt from the

1 provisions of Section 250;

2 (GG) For taxable years ending on or after December
3 31, 2011, in the case of a taxpayer who was required to
4 add back any insurance premiums under Section
5 203(a)(2)(D-19), such taxpayer may elect to subtract
6 that part of a reimbursement received from the
7 insurance company equal to the amount of the expense
8 or loss (including expenses incurred by the insurance
9 company) that would have been taken into account as a
10 deduction for federal income tax purposes if the
11 expense or loss had been uninsured. If a taxpayer
12 makes the election provided for by this subparagraph
13 (GG), the insurer to which the premiums were paid must
14 add back to income the amount subtracted by the
15 taxpayer pursuant to this subparagraph (GG). This
16 subparagraph (GG) is exempt from the provisions of
17 Section 250;

18 (HH) For taxable years beginning on or after
19 January 1, 2018 and prior to January 1, 2028, a maximum
20 of \$10,000 contributed in the taxable year to a
21 qualified ABLE account under Section 16.6 of the State
22 Treasurer Act, except that amounts excluded from gross
23 income under Section 529(c)(3)(C)(i) or Section
24 529A(c)(1)(C) of the Internal Revenue Code shall not
25 be considered moneys contributed under this
26 subparagraph (HH). For purposes of this subparagraph

1 (HH), contributions made by an employer on behalf of
2 an employee, or matching contributions made by an
3 employee, shall be treated as made by the employee;

4 (II) For taxable years that begin on or after
5 January 1, 2021 and begin before January 1, 2026, the
6 amount that is included in the taxpayer's federal
7 adjusted gross income pursuant to Section 61 of the
8 Internal Revenue Code as discharge of indebtedness
9 attributable to student loan forgiveness and that is
10 not excluded from the taxpayer's federal adjusted
11 gross income pursuant to paragraph (5) of subsection
12 (f) of Section 108 of the Internal Revenue Code;

13 (JJ) For taxable years beginning on or after
14 January 1, 2023, for any cannabis establishment
15 operating in this State and licensed under the
16 Cannabis Regulation and Tax Act or any cannabis
17 cultivation center or medical cannabis dispensing
18 organization operating in this State and licensed
19 under the Compassionate Use of Medical Cannabis
20 Program Act, an amount equal to the deductions that
21 were disallowed under Section 280E of the Internal
22 Revenue Code for the taxable year and that would not be
23 added back under this subsection. The provisions of
24 this subparagraph (JJ) are exempt from the provisions
25 of Section 250; and

26 (KK) To the extent includible in gross income for

1 federal income tax purposes, any amount awarded or
2 paid to the taxpayer as a result of a judgment or
3 settlement for fertility fraud as provided in Section
4 15 of the Illinois Fertility Fraud Act, donor
5 fertility fraud as provided in Section 20 of the
6 Illinois Fertility Fraud Act, or similar action in
7 another state; ~~and~~

8 (LL) For taxable years beginning on or after
9 January 1, 2026, if the taxpayer is a qualified
10 worker, as defined in the Workforce Development
11 through Charitable Loan Repayment Act, an amount equal
12 to the amount included in the taxpayer's federal
13 adjusted gross income that is attributable to student
14 loan repayment assistance received by the taxpayer
15 during the taxable year from a qualified community
16 foundation under the provisions of the Workforce
17 Development through ~~Through~~ Charitable Loan Repayment
18 Act.

19 This subparagraph (LL) is exempt from the
20 provisions of Section 250; and ~~and~~.

21 (MM) ~~(LL)~~ For taxable years beginning on or after
22 January 1, 2025, if the taxpayer is an eligible
23 resident as defined in the Medical Debt Relief Act, an
24 amount equal to the amount included in the taxpayer's
25 federal adjusted gross income that is attributable to
26 medical debt relief received by the taxpayer during

1 the taxable year from a nonprofit medical debt relief
2 coordinator under the provisions of the Medical Debt
3 Relief Act. This subparagraph (MM) ~~(LL)~~ is exempt from
4 the provisions of Section 250.

5 (b) Corporations.

6 (1) In general. In the case of a corporation, base
7 income means an amount equal to the taxpayer's taxable
8 income for the taxable year as modified by paragraph (2).

9 (2) Modifications. The taxable income referred to in
10 paragraph (1) shall be modified by adding thereto the sum
11 of the following amounts:

12 (A) An amount equal to all amounts paid or accrued
13 to the taxpayer as interest and all distributions
14 received from regulated investment companies during
15 the taxable year to the extent excluded from gross
16 income in the computation of taxable income;

17 (B) An amount equal to the amount of tax imposed by
18 this Act to the extent deducted from gross income in
19 the computation of taxable income for the taxable
20 year;

21 (C) In the case of a regulated investment company,
22 an amount equal to the excess of (i) the net long-term
23 capital gain for the taxable year, over (ii) the
24 amount of the capital gain dividends designated as
25 such in accordance with Section 852(b)(3)(C) of the

1 Internal Revenue Code and any amount designated under
2 Section 852(b)(3)(D) of the Internal Revenue Code,
3 attributable to the taxable year (this amendatory Act
4 of 1995 (Public Act 89-89) is declarative of existing
5 law and is not a new enactment);

6 (D) The amount of any net operating loss deduction
7 taken in arriving at taxable income, other than a net
8 operating loss carried forward from a taxable year
9 ending prior to December 31, 1986;

10 (E) For taxable years in which a net operating
11 loss carryback or carryforward from a taxable year
12 ending prior to December 31, 1986 is an element of
13 taxable income under paragraph (1) of subsection (e)
14 or subparagraph (E) of paragraph (2) of subsection
15 (e), the amount by which addition modifications other
16 than those provided by this subparagraph (E) exceeded
17 subtraction modifications in such earlier taxable
18 year, with the following limitations applied in the
19 order that they are listed:

20 (i) the addition modification relating to the
21 net operating loss carried back or forward to the
22 taxable year from any taxable year ending prior to
23 December 31, 1986 shall be reduced by the amount
24 of addition modification under this subparagraph
25 (E) which related to that net operating loss and
26 which was taken into account in calculating the

1 base income of an earlier taxable year, and

2 (ii) the addition modification relating to the
3 net operating loss carried back or forward to the
4 taxable year from any taxable year ending prior to
5 December 31, 1986 shall not exceed the amount of
6 such carryback or carryforward;

7 For taxable years in which there is a net
8 operating loss carryback or carryforward from more
9 than one other taxable year ending prior to December
10 31, 1986, the addition modification provided in this
11 subparagraph (E) shall be the sum of the amounts
12 computed independently under the preceding provisions
13 of this subparagraph (E) for each such taxable year;

14 (E-5) For taxable years ending after December 31,
15 1997, an amount equal to any eligible remediation
16 costs that the corporation deducted in computing
17 adjusted gross income and for which the corporation
18 claims a credit under subsection (l) of Section 201;

19 (E-10) For taxable years 2001 and thereafter, an
20 amount equal to the bonus depreciation deduction taken
21 on the taxpayer's federal income tax return for the
22 taxable year under subsection (k) of Section 168 of
23 the Internal Revenue Code;

24 (E-11) If the taxpayer sells, transfers, abandons,
25 or otherwise disposes of property for which the
26 taxpayer was required in any taxable year to make an

1 addition modification under subparagraph (E-10), then
2 an amount equal to the aggregate amount of the
3 deductions taken in all taxable years under
4 subparagraph (T) with respect to that property.

5 If the taxpayer continues to own property through
6 the last day of the last tax year for which a
7 subtraction is allowed with respect to that property
8 under subparagraph (T) and for which the taxpayer was
9 allowed in any taxable year to make a subtraction
10 modification under subparagraph (T), then an amount
11 equal to that subtraction modification.

12 The taxpayer is required to make the addition
13 modification under this subparagraph only once with
14 respect to any one piece of property;

15 (E-12) An amount equal to the amount otherwise
16 allowed as a deduction in computing base income for
17 interest paid, accrued, or incurred, directly or
18 indirectly, (i) for taxable years ending on or after
19 December 31, 2004, to a foreign person who would be a
20 member of the same unitary business group but for the
21 fact the foreign person's business activity outside
22 the United States is 80% or more of the foreign
23 person's total business activity and (ii) for taxable
24 years ending on or after December 31, 2008, to a person
25 who would be a member of the same unitary business
26 group but for the fact that the person is prohibited

1 under Section 1501(a)(27) from being included in the
2 unitary business group because he or she is ordinarily
3 required to apportion business income under different
4 subsections of Section 304. The addition modification
5 required by this subparagraph shall be reduced to the
6 extent that dividends were included in base income of
7 the unitary group for the same taxable year and
8 received by the taxpayer or by a member of the
9 taxpayer's unitary business group (including amounts
10 included in gross income pursuant to Sections 951
11 through 964 of the Internal Revenue Code and amounts
12 included in gross income under Section 78 of the
13 Internal Revenue Code) with respect to the stock of
14 the same person to whom the interest was paid,
15 accrued, or incurred.

16 This paragraph shall not apply to the following:

17 (i) an item of interest paid, accrued, or
18 incurred, directly or indirectly, to a person who
19 is subject in a foreign country or state, other
20 than a state which requires mandatory unitary
21 reporting, to a tax on or measured by net income
22 with respect to such interest; or

23 (ii) an item of interest paid, accrued, or
24 incurred, directly or indirectly, to a person if
25 the taxpayer can establish, based on a
26 preponderance of the evidence, both of the

1 following:

2 (a) the person, during the same taxable
3 year, paid, accrued, or incurred, the interest
4 to a person that is not a related member, and

5 (b) the transaction giving rise to the
6 interest expense between the taxpayer and the
7 person did not have as a principal purpose the
8 avoidance of Illinois income tax, and is paid
9 pursuant to a contract or agreement that
10 reflects an arm's-length interest rate and
11 terms; or

12 (iii) the taxpayer can establish, based on
13 clear and convincing evidence, that the interest
14 paid, accrued, or incurred relates to a contract
15 or agreement entered into at arm's-length rates
16 and terms and the principal purpose for the
17 payment is not federal or Illinois tax avoidance;
18 or

19 (iv) an item of interest paid, accrued, or
20 incurred, directly or indirectly, to a person if
21 the taxpayer establishes by clear and convincing
22 evidence that the adjustments are unreasonable; or
23 if the taxpayer and the Director agree in writing
24 to the application or use of an alternative method
25 of apportionment under Section 304(f).

26 Nothing in this subsection shall preclude the

1 Director from making any other adjustment
2 otherwise allowed under Section 404 of this Act
3 for any tax year beginning after the effective
4 date of this amendment provided such adjustment is
5 made pursuant to regulation adopted by the
6 Department and such regulations provide methods
7 and standards by which the Department will utilize
8 its authority under Section 404 of this Act;

9 (E-13) An amount equal to the amount of intangible
10 expenses and costs otherwise allowed as a deduction in
11 computing base income, and that were paid, accrued, or
12 incurred, directly or indirectly, (i) for taxable
13 years ending on or after December 31, 2004, to a
14 foreign person who would be a member of the same
15 unitary business group but for the fact that the
16 foreign person's business activity outside the United
17 States is 80% or more of that person's total business
18 activity and (ii) for taxable years ending on or after
19 December 31, 2008, to a person who would be a member of
20 the same unitary business group but for the fact that
21 the person is prohibited under Section 1501(a)(27)
22 from being included in the unitary business group
23 because he or she is ordinarily required to apportion
24 business income under different subsections of Section
25 304. The addition modification required by this
26 subparagraph shall be reduced to the extent that

1 dividends were included in base income of the unitary
2 group for the same taxable year and received by the
3 taxpayer or by a member of the taxpayer's unitary
4 business group (including amounts included in gross
5 income pursuant to Sections 951 through 964 of the
6 Internal Revenue Code and amounts included in gross
7 income under Section 78 of the Internal Revenue Code)
8 with respect to the stock of the same person to whom
9 the intangible expenses and costs were directly or
10 indirectly paid, incurred, or accrued. The preceding
11 sentence shall not apply to the extent that the same
12 dividends caused a reduction to the addition
13 modification required under Section 203(b)(2)(E-12) of
14 this Act. As used in this subparagraph, the term
15 "intangible expenses and costs" includes (1) expenses,
16 losses, and costs for, or related to, the direct or
17 indirect acquisition, use, maintenance or management,
18 ownership, sale, exchange, or any other disposition of
19 intangible property; (2) losses incurred, directly or
20 indirectly, from factoring transactions or discounting
21 transactions; (3) royalty, patent, technical, and
22 copyright fees; (4) licensing fees; and (5) other
23 similar expenses and costs. For purposes of this
24 subparagraph, "intangible property" includes patents,
25 patent applications, trade names, trademarks, service
26 marks, copyrights, mask works, trade secrets, and

1 similar types of intangible assets.

2 This paragraph shall not apply to the following:

3 (i) any item of intangible expenses or costs
4 paid, accrued, or incurred, directly or
5 indirectly, from a transaction with a person who
6 is subject in a foreign country or state, other
7 than a state which requires mandatory unitary
8 reporting, to a tax on or measured by net income
9 with respect to such item; or

10 (ii) any item of intangible expense or cost
11 paid, accrued, or incurred, directly or
12 indirectly, if the taxpayer can establish, based
13 on a preponderance of the evidence, both of the
14 following:

15 (a) the person during the same taxable
16 year paid, accrued, or incurred, the
17 intangible expense or cost to a person that is
18 not a related member, and

19 (b) the transaction giving rise to the
20 intangible expense or cost between the
21 taxpayer and the person did not have as a
22 principal purpose the avoidance of Illinois
23 income tax, and is paid pursuant to a contract
24 or agreement that reflects arm's-length terms;
25 or

26 (iii) any item of intangible expense or cost

1 paid, accrued, or incurred, directly or
2 indirectly, from a transaction with a person if
3 the taxpayer establishes by clear and convincing
4 evidence, that the adjustments are unreasonable;
5 or if the taxpayer and the Director agree in
6 writing to the application or use of an
7 alternative method of apportionment under Section
8 304(f);

9 Nothing in this subsection shall preclude the
10 Director from making any other adjustment
11 otherwise allowed under Section 404 of this Act
12 for any tax year beginning after the effective
13 date of this amendment provided such adjustment is
14 made pursuant to regulation adopted by the
15 Department and such regulations provide methods
16 and standards by which the Department will utilize
17 its authority under Section 404 of this Act;

18 (E-14) For taxable years ending on or after
19 December 31, 2008, an amount equal to the amount of
20 insurance premium expenses and costs otherwise allowed
21 as a deduction in computing base income, and that were
22 paid, accrued, or incurred, directly or indirectly, to
23 a person who would be a member of the same unitary
24 business group but for the fact that the person is
25 prohibited under Section 1501(a)(27) from being
26 included in the unitary business group because he or

1 she is ordinarily required to apportion business
2 income under different subsections of Section 304. The
3 addition modification required by this subparagraph
4 shall be reduced to the extent that dividends were
5 included in base income of the unitary group for the
6 same taxable year and received by the taxpayer or by a
7 member of the taxpayer's unitary business group
8 (including amounts included in gross income under
9 Sections 951 through 964 of the Internal Revenue Code
10 and amounts included in gross income under Section 78
11 of the Internal Revenue Code) with respect to the
12 stock of the same person to whom the premiums and costs
13 were directly or indirectly paid, incurred, or
14 accrued. The preceding sentence does not apply to the
15 extent that the same dividends caused a reduction to
16 the addition modification required under Section
17 203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this
18 Act;

19 (E-15) For taxable years beginning after December
20 31, 2008, any deduction for dividends paid by a
21 captive real estate investment trust that is allowed
22 to a real estate investment trust under Section
23 857(b)(2)(B) of the Internal Revenue Code for
24 dividends paid;

25 (E-16) An amount equal to the credit allowable to
26 the taxpayer under Section 218(a) of this Act,

1 determined without regard to Section 218(c) of this
2 Act;

3 (E-17) For taxable years ending on or after
4 December 31, 2017, an amount equal to the deduction
5 allowed under Section 199 of the Internal Revenue Code
6 for the taxable year;

7 (E-18) for taxable years beginning after December
8 31, 2018, an amount equal to the deduction allowed
9 under Section 250(a)(1)(A) of the Internal Revenue
10 Code for the taxable year;

11 (E-19) for taxable years ending on or after June
12 30, 2021, an amount equal to the deduction allowed
13 under Section 250(a)(1)(B)(i) of the Internal Revenue
14 Code for the taxable year;

15 (E-20) for taxable years ending on or after June
16 30, 2021, an amount equal to the deduction allowed
17 under Sections 243(e) and 245A(a) of the Internal
18 Revenue Code for the taxable year;

19 (E-21) the amount that is claimed as a federal
20 deduction when computing the taxpayer's federal
21 taxable income for the taxable year and that is
22 attributable to an endowment gift for which the
23 taxpayer receives a credit under the Illinois Gives
24 Tax Credit Act;

25 and by deducting from the total so obtained the sum of the
26 following amounts:

1 (F) An amount equal to the amount of any tax
2 imposed by this Act which was refunded to the taxpayer
3 and included in such total for the taxable year;

4 (G) An amount equal to any amount included in such
5 total under Section 78 of the Internal Revenue Code;

6 (H) In the case of a regulated investment company,
7 an amount equal to the amount of exempt interest
8 dividends as defined in subsection (b)(5) of Section
9 852 of the Internal Revenue Code, paid to shareholders
10 for the taxable year;

11 (I) With the exception of any amounts subtracted
12 under subparagraph (J), an amount equal to the sum of
13 all amounts disallowed as deductions by (i) Sections
14 171(a)(2) and 265(a)(2) and amounts disallowed as
15 interest expense by Section 291(a)(3) of the Internal
16 Revenue Code, and all amounts of expenses allocable to
17 interest and disallowed as deductions by Section
18 265(a)(1) of the Internal Revenue Code; and (ii) for
19 taxable years ending on or after August 13, 1999,
20 Sections 171(a)(2), 265, 280C, 291(a)(3), and
21 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
22 for tax years ending on or after December 31, 2011,
23 amounts disallowed as deductions by Section 45G(e)(3)
24 of the Internal Revenue Code and, for taxable years
25 ending on or after December 31, 2008, any amount
26 included in gross income under Section 87 of the

1 Internal Revenue Code and the policyholders' share of
2 tax-exempt interest of a life insurance company under
3 Section 807(a)(2)(B) of the Internal Revenue Code (in
4 the case of a life insurance company with gross income
5 from a decrease in reserves for the tax year) or
6 Section 807(b)(1)(B) of the Internal Revenue Code (in
7 the case of a life insurance company allowed a
8 deduction for an increase in reserves for the tax
9 year); the provisions of this subparagraph are exempt
10 from the provisions of Section 250;

11 (J) An amount equal to all amounts included in
12 such total which are exempt from taxation by this
13 State either by reason of its statutes or Constitution
14 or by reason of the Constitution, treaties or statutes
15 of the United States; provided that, in the case of any
16 statute of this State that exempts income derived from
17 bonds or other obligations from the tax imposed under
18 this Act, the amount exempted shall be the interest
19 net of bond premium amortization;

20 (K) An amount equal to those dividends included in
21 such total which were paid by a corporation which
22 conducts business operations in a River Edge
23 Redevelopment Zone or zones created under the River
24 Edge Redevelopment Zone Act and conducts substantially
25 all of its operations in a River Edge Redevelopment
26 Zone or zones. This subparagraph (K) is exempt from

1 the provisions of Section 250;

2 (L) An amount equal to those dividends included in
3 such total that were paid by a corporation that
4 conducts business operations in a federally designated
5 Foreign Trade Zone or Sub-Zone and that is designated
6 a High Impact Business located in Illinois; provided
7 that dividends eligible for the deduction provided in
8 subparagraph (K) of paragraph 2 of this subsection
9 shall not be eligible for the deduction provided under
10 this subparagraph (L);

11 (M) For any taxpayer that is a financial
12 organization within the meaning of Section 304(c) of
13 this Act, an amount included in such total as interest
14 income from a loan or loans made by such taxpayer to a
15 borrower, to the extent that such a loan is secured by
16 property which is eligible for the River Edge
17 Redevelopment Zone Investment Credit. To determine the
18 portion of a loan or loans that is secured by property
19 eligible for a Section 201(f) investment credit to the
20 borrower, the entire principal amount of the loan or
21 loans between the taxpayer and the borrower should be
22 divided into the basis of the Section 201(f)
23 investment credit property which secures the loan or
24 loans, using for this purpose the original basis of
25 such property on the date that it was placed in service
26 in the River Edge Redevelopment Zone. The subtraction

1 modification available to the taxpayer in any year
2 under this subsection shall be that portion of the
3 total interest paid by the borrower with respect to
4 such loan attributable to the eligible property as
5 calculated under the previous sentence. This
6 subparagraph (M) is exempt from the provisions of
7 Section 250;

8 (M-1) For any taxpayer that is a financial
9 organization within the meaning of Section 304(c) of
10 this Act, an amount included in such total as interest
11 income from a loan or loans made by such taxpayer to a
12 borrower, to the extent that such a loan is secured by
13 property which is eligible for the High Impact
14 Business Investment Credit. To determine the portion
15 of a loan or loans that is secured by property eligible
16 for a Section 201(h) investment credit to the
17 borrower, the entire principal amount of the loan or
18 loans between the taxpayer and the borrower should be
19 divided into the basis of the Section 201(h)
20 investment credit property which secures the loan or
21 loans, using for this purpose the original basis of
22 such property on the date that it was placed in service
23 in a federally designated Foreign Trade Zone or
24 Sub-Zone located in Illinois. No taxpayer that is
25 eligible for the deduction provided in subparagraph
26 (M) of paragraph (2) of this subsection shall be

1 eligible for the deduction provided under this
2 subparagraph (M-1). The subtraction modification
3 available to taxpayers in any year under this
4 subsection shall be that portion of the total interest
5 paid by the borrower with respect to such loan
6 attributable to the eligible property as calculated
7 under the previous sentence;

8 (N) Two times any contribution made during the
9 taxable year to a designated zone organization to the
10 extent that the contribution (i) qualifies as a
11 charitable contribution under subsection (c) of
12 Section 170 of the Internal Revenue Code and (ii)
13 must, by its terms, be used for a project approved by
14 the Department of Commerce and Economic Opportunity
15 under Section 11 of the Illinois Enterprise Zone Act
16 or under Section 10-10 of the River Edge Redevelopment
17 Zone Act. This subparagraph (N) is exempt from the
18 provisions of Section 250;

19 (O) An amount equal to: (i) 85% for taxable years
20 ending on or before December 31, 1992, or, a
21 percentage equal to the percentage allowable under
22 Section 243(a)(1) of the Internal Revenue Code of 1986
23 for taxable years ending after December 31, 1992, of
24 the amount by which dividends included in taxable
25 income and received from a corporation that is not
26 created or organized under the laws of the United

1 States or any state or political subdivision thereof,
2 including, for taxable years ending on or after
3 December 31, 1988, dividends received or deemed
4 received or paid or deemed paid under Sections 951
5 through 965 of the Internal Revenue Code, exceed the
6 amount of the modification provided under subparagraph
7 (G) of paragraph (2) of this subsection (b) which is
8 related to such dividends, and including, for taxable
9 years ending on or after December 31, 2008, dividends
10 received from a captive real estate investment trust;
11 plus (ii) 100% of the amount by which dividends,
12 included in taxable income and received, including,
13 for taxable years ending on or after December 31,
14 1988, dividends received or deemed received or paid or
15 deemed paid under Sections 951 through 964 of the
16 Internal Revenue Code and including, for taxable years
17 ending on or after December 31, 2008, dividends
18 received from a captive real estate investment trust,
19 from any such corporation specified in clause (i) that
20 would but for the provisions of Section 1504(b)(3) of
21 the Internal Revenue Code be treated as a member of the
22 affiliated group which includes the dividend
23 recipient, exceed the amount of the modification
24 provided under subparagraph (G) of paragraph (2) of
25 this subsection (b) which is related to such
26 dividends. For taxable years ending on or after June

1 30, 2021, (i) for purposes of this subparagraph, the
2 term "dividend" does not include any amount treated as
3 a dividend under Section 1248 of the Internal Revenue
4 Code, and (ii) this subparagraph shall not apply to
5 dividends for which a deduction is allowed under
6 Section 245(a) of the Internal Revenue Code. This
7 subparagraph (O) is exempt from the provisions of
8 Section 250 of this Act;

9 (P) An amount equal to any contribution made to a
10 job training project established pursuant to the Tax
11 Increment Allocation Redevelopment Act;

12 (Q) An amount equal to the amount of the deduction
13 used to compute the federal income tax credit for
14 restoration of substantial amounts held under claim of
15 right for the taxable year pursuant to Section 1341 of
16 the Internal Revenue Code;

17 (R) On and after July 20, 1999, in the case of an
18 attorney-in-fact with respect to whom an interinsurer
19 or a reciprocal insurer has made the election under
20 Section 835 of the Internal Revenue Code, 26 U.S.C.
21 835, an amount equal to the excess, if any, of the
22 amounts paid or incurred by that interinsurer or
23 reciprocal insurer in the taxable year to the
24 attorney-in-fact over the deduction allowed to that
25 interinsurer or reciprocal insurer with respect to the
26 attorney-in-fact under Section 835(b) of the Internal

1 Revenue Code for the taxable year; the provisions of
2 this subparagraph are exempt from the provisions of
3 Section 250;

4 (S) For taxable years ending on or after December
5 31, 1997, in the case of a Subchapter S corporation, an
6 amount equal to all amounts of income allocable to a
7 shareholder subject to the Personal Property Tax
8 Replacement Income Tax imposed by subsections (c) and
9 (d) of Section 201 of this Act, including amounts
10 allocable to organizations exempt from federal income
11 tax by reason of Section 501(a) of the Internal
12 Revenue Code. This subparagraph (S) is exempt from the
13 provisions of Section 250;

14 (T) For taxable years 2001 and thereafter, for the
15 taxable year in which the bonus depreciation deduction
16 is taken on the taxpayer's federal income tax return
17 under subsection (k) of Section 168 of the Internal
18 Revenue Code and for each applicable taxable year
19 thereafter, an amount equal to "x", where:

20 (1) "y" equals the amount of the depreciation
21 deduction taken for the taxable year on the
22 taxpayer's federal income tax return on property
23 for which the bonus depreciation deduction was
24 taken in any year under subsection (k) of Section
25 168 of the Internal Revenue Code, but not
26 including the bonus depreciation deduction;

1 (2) for taxable years ending on or before
2 December 31, 2005, "x" equals "y" multiplied by 30
3 and then divided by 70 (or "y" multiplied by
4 0.429); and

5 (3) for taxable years ending after December
6 31, 2005:

7 (i) for property on which a bonus
8 depreciation deduction of 30% of the adjusted
9 basis was taken, "x" equals "y" multiplied by
10 30 and then divided by 70 (or "y" multiplied
11 by 0.429);

12 (ii) for property on which a bonus
13 depreciation deduction of 50% of the adjusted
14 basis was taken, "x" equals "y" multiplied by
15 1.0;

16 (iii) for property on which a bonus
17 depreciation deduction of 100% of the adjusted
18 basis was taken in a taxable year ending on or
19 after December 31, 2021, "x" equals the
20 depreciation deduction that would be allowed
21 on that property if the taxpayer had made the
22 election under Section 168(k)(7) of the
23 Internal Revenue Code to not claim bonus
24 depreciation on that property; and

25 (iv) for property on which a bonus
26 depreciation deduction of a percentage other

1 than 30%, 50% or 100% of the adjusted basis
2 was taken in a taxable year ending on or after
3 December 31, 2021, "x" equals "y" multiplied
4 by 100 times the percentage bonus depreciation
5 on the property (that is, $100(\text{bonus}\%)$) and
6 then divided by 100 times 1 minus the
7 percentage bonus depreciation on the property
8 (that is, $100(1-\text{bonus}\%)$).

9 The aggregate amount deducted under this
10 subparagraph in all taxable years for any one piece of
11 property may not exceed the amount of the bonus
12 depreciation deduction taken on that property on the
13 taxpayer's federal income tax return under subsection
14 (k) of Section 168 of the Internal Revenue Code. This
15 subparagraph (T) is exempt from the provisions of
16 Section 250;

17 (U) If the taxpayer sells, transfers, abandons, or
18 otherwise disposes of property for which the taxpayer
19 was required in any taxable year to make an addition
20 modification under subparagraph (E-10), then an amount
21 equal to that addition modification.

22 If the taxpayer continues to own property through
23 the last day of the last tax year for which a
24 subtraction is allowed with respect to that property
25 under subparagraph (T) and for which the taxpayer was
26 required in any taxable year to make an addition

1 modification under subparagraph (E-10), then an amount
2 equal to that addition modification.

3 The taxpayer is allowed to take the deduction
4 under this subparagraph only once with respect to any
5 one piece of property.

6 This subparagraph (U) is exempt from the
7 provisions of Section 250;

8 (V) The amount of: (i) any interest income (net of
9 the deductions allocable thereto) taken into account
10 for the taxable year with respect to a transaction
11 with a taxpayer that is required to make an addition
12 modification with respect to such transaction under
13 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
14 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
15 the amount of such addition modification, (ii) any
16 income from intangible property (net of the deductions
17 allocable thereto) taken into account for the taxable
18 year with respect to a transaction with a taxpayer
19 that is required to make an addition modification with
20 respect to such transaction under Section
21 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
22 203(d)(2)(D-8), but not to exceed the amount of such
23 addition modification, and (iii) any insurance premium
24 income (net of deductions allocable thereto) taken
25 into account for the taxable year with respect to a
26 transaction with a taxpayer that is required to make

1 an addition modification with respect to such
2 transaction under Section 203(a)(2)(D-19), Section
3 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
4 203(d)(2)(D-9), but not to exceed the amount of that
5 addition modification. This subparagraph (V) is exempt
6 from the provisions of Section 250;

7 (W) An amount equal to the interest income taken
8 into account for the taxable year (net of the
9 deductions allocable thereto) with respect to
10 transactions with (i) a foreign person who would be a
11 member of the taxpayer's unitary business group but
12 for the fact that the foreign person's business
13 activity outside the United States is 80% or more of
14 that person's total business activity and (ii) for
15 taxable years ending on or after December 31, 2008, to
16 a person who would be a member of the same unitary
17 business group but for the fact that the person is
18 prohibited under Section 1501(a)(27) from being
19 included in the unitary business group because he or
20 she is ordinarily required to apportion business
21 income under different subsections of Section 304, but
22 not to exceed the addition modification required to be
23 made for the same taxable year under Section
24 203(b)(2)(E-12) for interest paid, accrued, or
25 incurred, directly or indirectly, to the same person.
26 This subparagraph (W) is exempt from the provisions of

1 Section 250;

2 (X) An amount equal to the income from intangible
3 property taken into account for the taxable year (net
4 of the deductions allocable thereto) with respect to
5 transactions with (i) a foreign person who would be a
6 member of the taxpayer's unitary business group but
7 for the fact that the foreign person's business
8 activity outside the United States is 80% or more of
9 that person's total business activity and (ii) for
10 taxable years ending on or after December 31, 2008, to
11 a person who would be a member of the same unitary
12 business group but for the fact that the person is
13 prohibited under Section 1501(a)(27) from being
14 included in the unitary business group because he or
15 she is ordinarily required to apportion business
16 income under different subsections of Section 304, but
17 not to exceed the addition modification required to be
18 made for the same taxable year under Section
19 203(b)(2)(E-13) for intangible expenses and costs
20 paid, accrued, or incurred, directly or indirectly, to
21 the same foreign person. This subparagraph (X) is
22 exempt from the provisions of Section 250;

23 (Y) For taxable years ending on or after December
24 31, 2011, in the case of a taxpayer who was required to
25 add back any insurance premiums under Section
26 203(b)(2)(E-14), such taxpayer may elect to subtract

1 that part of a reimbursement received from the
2 insurance company equal to the amount of the expense
3 or loss (including expenses incurred by the insurance
4 company) that would have been taken into account as a
5 deduction for federal income tax purposes if the
6 expense or loss had been uninsured. If a taxpayer
7 makes the election provided for by this subparagraph
8 (Y), the insurer to which the premiums were paid must
9 add back to income the amount subtracted by the
10 taxpayer pursuant to this subparagraph (Y). This
11 subparagraph (Y) is exempt from the provisions of
12 Section 250;

13 (Z) The difference between the nondeductible
14 controlled foreign corporation dividends under Section
15 965(e)(3) of the Internal Revenue Code over the
16 taxable income of the taxpayer, computed without
17 regard to Section 965(e)(2)(A) of the Internal Revenue
18 Code, and without regard to any net operating loss
19 deduction. This subparagraph (Z) is exempt from the
20 provisions of Section 250; and

21 (AA) For taxable years beginning on or after
22 January 1, 2023, for any cannabis establishment
23 operating in this State and licensed under the
24 Cannabis Regulation and Tax Act or any cannabis
25 cultivation center or medical cannabis dispensing
26 organization operating in this State and licensed

1 under the Compassionate Use of Medical Cannabis
2 Program Act, an amount equal to the deductions that
3 were disallowed under Section 280E of the Internal
4 Revenue Code for the taxable year and that would not be
5 added back under this subsection. The provisions of
6 this subparagraph (AA) are exempt from the provisions
7 of Section 250.

8 (3) Special rule. For purposes of paragraph (2)(A),
9 "gross income" in the case of a life insurance company,
10 for tax years ending on and after December 31, 1994, and
11 prior to December 31, 2011, shall mean the gross
12 investment income for the taxable year and, for tax years
13 ending on or after December 31, 2011, shall mean all
14 amounts included in life insurance gross income under
15 Section 803(a)(3) of the Internal Revenue Code.

16 (c) Trusts and estates.

17 (1) In general. In the case of a trust or estate, base
18 income means an amount equal to the taxpayer's taxable
19 income for the taxable year as modified by paragraph (2).

20 (2) Modifications. Subject to the provisions of
21 paragraph (3), the taxable income referred to in paragraph
22 (1) shall be modified by adding thereto the sum of the
23 following amounts:

24 (A) An amount equal to all amounts paid or accrued
25 to the taxpayer as interest or dividends during the

1 taxable year to the extent excluded from gross income
2 in the computation of taxable income;

3 (B) In the case of (i) an estate, \$600; (ii) a
4 trust which, under its governing instrument, is
5 required to distribute all of its income currently,
6 \$300; and (iii) any other trust, \$100, but in each such
7 case, only to the extent such amount was deducted in
8 the computation of taxable income;

9 (C) An amount equal to the amount of tax imposed by
10 this Act to the extent deducted from gross income in
11 the computation of taxable income for the taxable
12 year;

13 (D) The amount of any net operating loss deduction
14 taken in arriving at taxable income, other than a net
15 operating loss carried forward from a taxable year
16 ending prior to December 31, 1986;

17 (E) For taxable years in which a net operating
18 loss carryback or carryforward from a taxable year
19 ending prior to December 31, 1986 is an element of
20 taxable income under paragraph (1) of subsection (e)
21 or subparagraph (E) of paragraph (2) of subsection
22 (e), the amount by which addition modifications other
23 than those provided by this subparagraph (E) exceeded
24 subtraction modifications in such taxable year, with
25 the following limitations applied in the order that
26 they are listed:

1 (i) the addition modification relating to the
2 net operating loss carried back or forward to the
3 taxable year from any taxable year ending prior to
4 December 31, 1986 shall be reduced by the amount
5 of addition modification under this subparagraph
6 (E) which related to that net operating loss and
7 which was taken into account in calculating the
8 base income of an earlier taxable year, and

9 (ii) the addition modification relating to the
10 net operating loss carried back or forward to the
11 taxable year from any taxable year ending prior to
12 December 31, 1986 shall not exceed the amount of
13 such carryback or carryforward;

14 For taxable years in which there is a net
15 operating loss carryback or carryforward from more
16 than one other taxable year ending prior to December
17 31, 1986, the addition modification provided in this
18 subparagraph (E) shall be the sum of the amounts
19 computed independently under the preceding provisions
20 of this subparagraph (E) for each such taxable year;

21 (F) For taxable years ending on or after January
22 1, 1989, an amount equal to the tax deducted pursuant
23 to Section 164 of the Internal Revenue Code if the
24 trust or estate is claiming the same tax for purposes
25 of the Illinois foreign tax credit under Section 601
26 of this Act;

1 (G) An amount equal to the amount of the capital
2 gain deduction allowable under the Internal Revenue
3 Code, to the extent deducted from gross income in the
4 computation of taxable income;

5 (G-5) For taxable years ending after December 31,
6 1997, an amount equal to any eligible remediation
7 costs that the trust or estate deducted in computing
8 adjusted gross income and for which the trust or
9 estate claims a credit under subsection (l) of Section
10 201;

11 (G-10) For taxable years 2001 and thereafter, an
12 amount equal to the bonus depreciation deduction taken
13 on the taxpayer's federal income tax return for the
14 taxable year under subsection (k) of Section 168 of
15 the Internal Revenue Code; and

16 (G-11) If the taxpayer sells, transfers, abandons,
17 or otherwise disposes of property for which the
18 taxpayer was required in any taxable year to make an
19 addition modification under subparagraph (G-10), then
20 an amount equal to the aggregate amount of the
21 deductions taken in all taxable years under
22 subparagraph (R) with respect to that property.

23 If the taxpayer continues to own property through
24 the last day of the last tax year for which a
25 subtraction is allowed with respect to that property
26 under subparagraph (R) and for which the taxpayer was

1 allowed in any taxable year to make a subtraction
2 modification under subparagraph (R), then an amount
3 equal to that subtraction modification.

4 The taxpayer is required to make the addition
5 modification under this subparagraph only once with
6 respect to any one piece of property;

7 (G-12) An amount equal to the amount otherwise
8 allowed as a deduction in computing base income for
9 interest paid, accrued, or incurred, directly or
10 indirectly, (i) for taxable years ending on or after
11 December 31, 2004, to a foreign person who would be a
12 member of the same unitary business group but for the
13 fact that the foreign person's business activity
14 outside the United States is 80% or more of the foreign
15 person's total business activity and (ii) for taxable
16 years ending on or after December 31, 2008, to a person
17 who would be a member of the same unitary business
18 group but for the fact that the person is prohibited
19 under Section 1501(a)(27) from being included in the
20 unitary business group because he or she is ordinarily
21 required to apportion business income under different
22 subsections of Section 304. The addition modification
23 required by this subparagraph shall be reduced to the
24 extent that dividends were included in base income of
25 the unitary group for the same taxable year and
26 received by the taxpayer or by a member of the

1 taxpayer's unitary business group (including amounts
2 included in gross income pursuant to Sections 951
3 through 964 of the Internal Revenue Code and amounts
4 included in gross income under Section 78 of the
5 Internal Revenue Code) with respect to the stock of
6 the same person to whom the interest was paid,
7 accrued, or incurred.

8 This paragraph shall not apply to the following:

9 (i) an item of interest paid, accrued, or
10 incurred, directly or indirectly, to a person who
11 is subject in a foreign country or state, other
12 than a state which requires mandatory unitary
13 reporting, to a tax on or measured by net income
14 with respect to such interest; or

15 (ii) an item of interest paid, accrued, or
16 incurred, directly or indirectly, to a person if
17 the taxpayer can establish, based on a
18 preponderance of the evidence, both of the
19 following:

20 (a) the person, during the same taxable
21 year, paid, accrued, or incurred, the interest
22 to a person that is not a related member, and

23 (b) the transaction giving rise to the
24 interest expense between the taxpayer and the
25 person did not have as a principal purpose the
26 avoidance of Illinois income tax, and is paid

1 pursuant to a contract or agreement that
2 reflects an arm's-length interest rate and
3 terms; or

4 (iii) the taxpayer can establish, based on
5 clear and convincing evidence, that the interest
6 paid, accrued, or incurred relates to a contract
7 or agreement entered into at arm's-length rates
8 and terms and the principal purpose for the
9 payment is not federal or Illinois tax avoidance;
10 or

11 (iv) an item of interest paid, accrued, or
12 incurred, directly or indirectly, to a person if
13 the taxpayer establishes by clear and convincing
14 evidence that the adjustments are unreasonable; or
15 if the taxpayer and the Director agree in writing
16 to the application or use of an alternative method
17 of apportionment under Section 304(f).

18 Nothing in this subsection shall preclude the
19 Director from making any other adjustment
20 otherwise allowed under Section 404 of this Act
21 for any tax year beginning after the effective
22 date of this amendment provided such adjustment is
23 made pursuant to regulation adopted by the
24 Department and such regulations provide methods
25 and standards by which the Department will utilize
26 its authority under Section 404 of this Act;

1 (G-13) An amount equal to the amount of intangible
2 expenses and costs otherwise allowed as a deduction in
3 computing base income, and that were paid, accrued, or
4 incurred, directly or indirectly, (i) for taxable
5 years ending on or after December 31, 2004, to a
6 foreign person who would be a member of the same
7 unitary business group but for the fact that the
8 foreign person's business activity outside the United
9 States is 80% or more of that person's total business
10 activity and (ii) for taxable years ending on or after
11 December 31, 2008, to a person who would be a member of
12 the same unitary business group but for the fact that
13 the person is prohibited under Section 1501(a)(27)
14 from being included in the unitary business group
15 because he or she is ordinarily required to apportion
16 business income under different subsections of Section
17 304. The addition modification required by this
18 subparagraph shall be reduced to the extent that
19 dividends were included in base income of the unitary
20 group for the same taxable year and received by the
21 taxpayer or by a member of the taxpayer's unitary
22 business group (including amounts included in gross
23 income pursuant to Sections 951 through 964 of the
24 Internal Revenue Code and amounts included in gross
25 income under Section 78 of the Internal Revenue Code)
26 with respect to the stock of the same person to whom

1 the intangible expenses and costs were directly or
2 indirectly paid, incurred, or accrued. The preceding
3 sentence shall not apply to the extent that the same
4 dividends caused a reduction to the addition
5 modification required under Section 203(c)(2)(G-12) of
6 this Act. As used in this subparagraph, the term
7 "intangible expenses and costs" includes: (1)
8 expenses, losses, and costs for or related to the
9 direct or indirect acquisition, use, maintenance or
10 management, ownership, sale, exchange, or any other
11 disposition of intangible property; (2) losses
12 incurred, directly or indirectly, from factoring
13 transactions or discounting transactions; (3) royalty,
14 patent, technical, and copyright fees; (4) licensing
15 fees; and (5) other similar expenses and costs. For
16 purposes of this subparagraph, "intangible property"
17 includes patents, patent applications, trade names,
18 trademarks, service marks, copyrights, mask works,
19 trade secrets, and similar types of intangible assets.

20 This paragraph shall not apply to the following:

21 (i) any item of intangible expenses or costs
22 paid, accrued, or incurred, directly or
23 indirectly, from a transaction with a person who
24 is subject in a foreign country or state, other
25 than a state which requires mandatory unitary
26 reporting, to a tax on or measured by net income

1 with respect to such item; or

2 (ii) any item of intangible expense or cost
3 paid, accrued, or incurred, directly or
4 indirectly, if the taxpayer can establish, based
5 on a preponderance of the evidence, both of the
6 following:

7 (a) the person during the same taxable
8 year paid, accrued, or incurred, the
9 intangible expense or cost to a person that is
10 not a related member, and

11 (b) the transaction giving rise to the
12 intangible expense or cost between the
13 taxpayer and the person did not have as a
14 principal purpose the avoidance of Illinois
15 income tax, and is paid pursuant to a contract
16 or agreement that reflects arm's-length terms;
17 or

18 (iii) any item of intangible expense or cost
19 paid, accrued, or incurred, directly or
20 indirectly, from a transaction with a person if
21 the taxpayer establishes by clear and convincing
22 evidence, that the adjustments are unreasonable;
23 or if the taxpayer and the Director agree in
24 writing to the application or use of an
25 alternative method of apportionment under Section
26 304(f);

1 Nothing in this subsection shall preclude the
2 Director from making any other adjustment
3 otherwise allowed under Section 404 of this Act
4 for any tax year beginning after the effective
5 date of this amendment provided such adjustment is
6 made pursuant to regulation adopted by the
7 Department and such regulations provide methods
8 and standards by which the Department will utilize
9 its authority under Section 404 of this Act;

10 (G-14) For taxable years ending on or after
11 December 31, 2008, an amount equal to the amount of
12 insurance premium expenses and costs otherwise allowed
13 as a deduction in computing base income, and that were
14 paid, accrued, or incurred, directly or indirectly, to
15 a person who would be a member of the same unitary
16 business group but for the fact that the person is
17 prohibited under Section 1501(a)(27) from being
18 included in the unitary business group because he or
19 she is ordinarily required to apportion business
20 income under different subsections of Section 304. The
21 addition modification required by this subparagraph
22 shall be reduced to the extent that dividends were
23 included in base income of the unitary group for the
24 same taxable year and received by the taxpayer or by a
25 member of the taxpayer's unitary business group
26 (including amounts included in gross income under

1 Sections 951 through 964 of the Internal Revenue Code
2 and amounts included in gross income under Section 78
3 of the Internal Revenue Code) with respect to the
4 stock of the same person to whom the premiums and costs
5 were directly or indirectly paid, incurred, or
6 accrued. The preceding sentence does not apply to the
7 extent that the same dividends caused a reduction to
8 the addition modification required under Section
9 203(c)(2)(G-12) or Section 203(c)(2)(G-13) of this
10 Act;

11 (G-15) An amount equal to the credit allowable to
12 the taxpayer under Section 218(a) of this Act,
13 determined without regard to Section 218(c) of this
14 Act;

15 (G-16) For taxable years ending on or after
16 December 31, 2017, an amount equal to the deduction
17 allowed under Section 199 of the Internal Revenue Code
18 for the taxable year;

19 (G-17) the amount that is claimed as a federal
20 deduction when computing the taxpayer's federal
21 taxable income for the taxable year and that is
22 attributable to an endowment gift for which the
23 taxpayer receives a credit under the Illinois Gives
24 Tax Credit Act;

25 and by deducting from the total so obtained the sum of the
26 following amounts:

1 (H) An amount equal to all amounts included in
2 such total pursuant to the provisions of Sections
3 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408
4 of the Internal Revenue Code or included in such total
5 as distributions under the provisions of any
6 retirement or disability plan for employees of any
7 governmental agency or unit, or retirement payments to
8 retired partners, which payments are excluded in
9 computing net earnings from self employment by Section
10 1402 of the Internal Revenue Code and regulations
11 adopted pursuant thereto;

12 (I) The valuation limitation amount;

13 (J) An amount equal to the amount of any tax
14 imposed by this Act which was refunded to the taxpayer
15 and included in such total for the taxable year;

16 (K) An amount equal to all amounts included in
17 taxable income as modified by subparagraphs (A), (B),
18 (C), (D), (E), (F) and (G) which are exempt from
19 taxation by this State either by reason of its
20 statutes or Constitution or by reason of the
21 Constitution, treaties or statutes of the United
22 States; provided that, in the case of any statute of
23 this State that exempts income derived from bonds or
24 other obligations from the tax imposed under this Act,
25 the amount exempted shall be the interest net of bond
26 premium amortization;

1 (L) With the exception of any amounts subtracted
2 under subparagraph (K), an amount equal to the sum of
3 all amounts disallowed as deductions by (i) Sections
4 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
5 and all amounts of expenses allocable to interest and
6 disallowed as deductions by Section 265(a)(1) of the
7 Internal Revenue Code; and (ii) for taxable years
8 ending on or after August 13, 1999, Sections
9 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
10 Internal Revenue Code, plus, (iii) for taxable years
11 ending on or after December 31, 2011, Section
12 45G(e)(3) of the Internal Revenue Code and, for
13 taxable years ending on or after December 31, 2008,
14 any amount included in gross income under Section 87
15 of the Internal Revenue Code; the provisions of this
16 subparagraph are exempt from the provisions of Section
17 250;

18 (M) An amount equal to those dividends included in
19 such total which were paid by a corporation which
20 conducts business operations in a River Edge
21 Redevelopment Zone or zones created under the River
22 Edge Redevelopment Zone Act and conducts substantially
23 all of its operations in a River Edge Redevelopment
24 Zone or zones. This subparagraph (M) is exempt from
25 the provisions of Section 250;

26 (N) An amount equal to any contribution made to a

1 job training project established pursuant to the Tax
2 Increment Allocation Redevelopment Act;

3 (O) An amount equal to those dividends included in
4 such total that were paid by a corporation that
5 conducts business operations in a federally designated
6 Foreign Trade Zone or Sub-Zone and that is designated
7 a High Impact Business located in Illinois; provided
8 that dividends eligible for the deduction provided in
9 subparagraph (M) of paragraph (2) of this subsection
10 shall not be eligible for the deduction provided under
11 this subparagraph (O);

12 (P) An amount equal to the amount of the deduction
13 used to compute the federal income tax credit for
14 restoration of substantial amounts held under claim of
15 right for the taxable year pursuant to Section 1341 of
16 the Internal Revenue Code;

17 (Q) For taxable year 1999 and thereafter, an
18 amount equal to the amount of any (i) distributions,
19 to the extent includible in gross income for federal
20 income tax purposes, made to the taxpayer because of
21 his or her status as a victim of persecution for racial
22 or religious reasons by Nazi Germany or any other Axis
23 regime or as an heir of the victim and (ii) items of
24 income, to the extent includible in gross income for
25 federal income tax purposes, attributable to, derived
26 from or in any way related to assets stolen from,

1 hidden from, or otherwise lost to a victim of
2 persecution for racial or religious reasons by Nazi
3 Germany or any other Axis regime immediately prior to,
4 during, and immediately after World War II, including,
5 but not limited to, interest on the proceeds
6 receivable as insurance under policies issued to a
7 victim of persecution for racial or religious reasons
8 by Nazi Germany or any other Axis regime by European
9 insurance companies immediately prior to and during
10 World War II; provided, however, this subtraction from
11 federal adjusted gross income does not apply to assets
12 acquired with such assets or with the proceeds from
13 the sale of such assets; provided, further, this
14 paragraph shall only apply to a taxpayer who was the
15 first recipient of such assets after their recovery
16 and who is a victim of persecution for racial or
17 religious reasons by Nazi Germany or any other Axis
18 regime or as an heir of the victim. The amount of and
19 the eligibility for any public assistance, benefit, or
20 similar entitlement is not affected by the inclusion
21 of items (i) and (ii) of this paragraph in gross income
22 for federal income tax purposes. This paragraph is
23 exempt from the provisions of Section 250;

24 (R) For taxable years 2001 and thereafter, for the
25 taxable year in which the bonus depreciation deduction
26 is taken on the taxpayer's federal income tax return

1 under subsection (k) of Section 168 of the Internal
2 Revenue Code and for each applicable taxable year
3 thereafter, an amount equal to "x", where:

4 (1) "y" equals the amount of the depreciation
5 deduction taken for the taxable year on the
6 taxpayer's federal income tax return on property
7 for which the bonus depreciation deduction was
8 taken in any year under subsection (k) of Section
9 168 of the Internal Revenue Code, but not
10 including the bonus depreciation deduction;

11 (2) for taxable years ending on or before
12 December 31, 2005, "x" equals "y" multiplied by 30
13 and then divided by 70 (or "y" multiplied by
14 0.429); and

15 (3) for taxable years ending after December
16 31, 2005:

17 (i) for property on which a bonus
18 depreciation deduction of 30% of the adjusted
19 basis was taken, "x" equals "y" multiplied by
20 30 and then divided by 70 (or "y" multiplied
21 by 0.429);

22 (ii) for property on which a bonus
23 depreciation deduction of 50% of the adjusted
24 basis was taken, "x" equals "y" multiplied by
25 1.0;

26 (iii) for property on which a bonus

1 depreciation deduction of 100% of the adjusted
2 basis was taken in a taxable year ending on or
3 after December 31, 2021, "x" equals the
4 depreciation deduction that would be allowed
5 on that property if the taxpayer had made the
6 election under Section 168(k)(7) of the
7 Internal Revenue Code to not claim bonus
8 depreciation on that property; and

9 (iv) for property on which a bonus
10 depreciation deduction of a percentage other
11 than 30%, 50% or 100% of the adjusted basis
12 was taken in a taxable year ending on or after
13 December 31, 2021, "x" equals "y" multiplied
14 by 100 times the percentage bonus depreciation
15 on the property (that is, $100(\text{bonus}\%)$) and
16 then divided by 100 times 1 minus the
17 percentage bonus depreciation on the property
18 (that is, $100(1-\text{bonus}\%)$).

19 The aggregate amount deducted under this
20 subparagraph in all taxable years for any one piece of
21 property may not exceed the amount of the bonus
22 depreciation deduction taken on that property on the
23 taxpayer's federal income tax return under subsection
24 (k) of Section 168 of the Internal Revenue Code. This
25 subparagraph (R) is exempt from the provisions of
26 Section 250;

1 (S) If the taxpayer sells, transfers, abandons, or
2 otherwise disposes of property for which the taxpayer
3 was required in any taxable year to make an addition
4 modification under subparagraph (G-10), then an amount
5 equal to that addition modification.

6 If the taxpayer continues to own property through
7 the last day of the last tax year for which a
8 subtraction is allowed with respect to that property
9 under subparagraph (R) and for which the taxpayer was
10 required in any taxable year to make an addition
11 modification under subparagraph (G-10), then an amount
12 equal to that addition modification.

13 The taxpayer is allowed to take the deduction
14 under this subparagraph only once with respect to any
15 one piece of property.

16 This subparagraph (S) is exempt from the
17 provisions of Section 250;

18 (T) The amount of (i) any interest income (net of
19 the deductions allocable thereto) taken into account
20 for the taxable year with respect to a transaction
21 with a taxpayer that is required to make an addition
22 modification with respect to such transaction under
23 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
24 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
25 the amount of such addition modification and (ii) any
26 income from intangible property (net of the deductions

1 allocable thereto) taken into account for the taxable
2 year with respect to a transaction with a taxpayer
3 that is required to make an addition modification with
4 respect to such transaction under Section
5 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
6 203(d)(2)(D-8), but not to exceed the amount of such
7 addition modification. This subparagraph (T) is exempt
8 from the provisions of Section 250;

9 (U) An amount equal to the interest income taken
10 into account for the taxable year (net of the
11 deductions allocable thereto) with respect to
12 transactions with (i) a foreign person who would be a
13 member of the taxpayer's unitary business group but
14 for the fact the foreign person's business activity
15 outside the United States is 80% or more of that
16 person's total business activity and (ii) for taxable
17 years ending on or after December 31, 2008, to a person
18 who would be a member of the same unitary business
19 group but for the fact that the person is prohibited
20 under Section 1501(a)(27) from being included in the
21 unitary business group because he or she is ordinarily
22 required to apportion business income under different
23 subsections of Section 304, but not to exceed the
24 addition modification required to be made for the same
25 taxable year under Section 203(c)(2)(G-12) for
26 interest paid, accrued, or incurred, directly or

1 indirectly, to the same person. This subparagraph (U)
2 is exempt from the provisions of Section 250;

3 (V) An amount equal to the income from intangible
4 property taken into account for the taxable year (net
5 of the deductions allocable thereto) with respect to
6 transactions with (i) a foreign person who would be a
7 member of the taxpayer's unitary business group but
8 for the fact that the foreign person's business
9 activity outside the United States is 80% or more of
10 that person's total business activity and (ii) for
11 taxable years ending on or after December 31, 2008, to
12 a person who would be a member of the same unitary
13 business group but for the fact that the person is
14 prohibited under Section 1501(a)(27) from being
15 included in the unitary business group because he or
16 she is ordinarily required to apportion business
17 income under different subsections of Section 304, but
18 not to exceed the addition modification required to be
19 made for the same taxable year under Section
20 203(c)(2)(G-13) for intangible expenses and costs
21 paid, accrued, or incurred, directly or indirectly, to
22 the same foreign person. This subparagraph (V) is
23 exempt from the provisions of Section 250;

24 (W) in the case of an estate, an amount equal to
25 all amounts included in such total pursuant to the
26 provisions of Section 111 of the Internal Revenue Code

1 as a recovery of items previously deducted by the
2 decedent from adjusted gross income in the computation
3 of taxable income. This subparagraph (W) is exempt
4 from Section 250;

5 (X) an amount equal to the refund included in such
6 total of any tax deducted for federal income tax
7 purposes, to the extent that deduction was added back
8 under subparagraph (F). This subparagraph (X) is
9 exempt from the provisions of Section 250;

10 (Y) For taxable years ending on or after December
11 31, 2011, in the case of a taxpayer who was required to
12 add back any insurance premiums under Section
13 203(c)(2)(G-14), such taxpayer may elect to subtract
14 that part of a reimbursement received from the
15 insurance company equal to the amount of the expense
16 or loss (including expenses incurred by the insurance
17 company) that would have been taken into account as a
18 deduction for federal income tax purposes if the
19 expense or loss had been uninsured. If a taxpayer
20 makes the election provided for by this subparagraph
21 (Y), the insurer to which the premiums were paid must
22 add back to income the amount subtracted by the
23 taxpayer pursuant to this subparagraph (Y). This
24 subparagraph (Y) is exempt from the provisions of
25 Section 250;

26 (Z) For taxable years beginning after December 31,

1 2018 and before January 1, 2026, the amount of excess
2 business loss of the taxpayer disallowed as a
3 deduction by Section 461(1)(1)(B) of the Internal
4 Revenue Code; and

5 (AA) For taxable years beginning on or after
6 January 1, 2023, for any cannabis establishment
7 operating in this State and licensed under the
8 Cannabis Regulation and Tax Act or any cannabis
9 cultivation center or medical cannabis dispensing
10 organization operating in this State and licensed
11 under the Compassionate Use of Medical Cannabis
12 Program Act, an amount equal to the deductions that
13 were disallowed under Section 280E of the Internal
14 Revenue Code for the taxable year and that would not be
15 added back under this subsection. The provisions of
16 this subparagraph (AA) are exempt from the provisions
17 of Section 250.

18 (3) Limitation. The amount of any modification
19 otherwise required under this subsection shall, under
20 regulations prescribed by the Department, be adjusted by
21 any amounts included therein which were properly paid,
22 credited, or required to be distributed, or permanently
23 set aside for charitable purposes pursuant to Internal
24 Revenue Code Section 642(c) during the taxable year.

25 (d) Partnerships.

1 (1) In general. In the case of a partnership, base
2 income means an amount equal to the taxpayer's taxable
3 income for the taxable year as modified by paragraph (2).

4 (2) Modifications. The taxable income referred to in
5 paragraph (1) shall be modified by adding thereto the sum
6 of the following amounts:

7 (A) An amount equal to all amounts paid or accrued
8 to the taxpayer as interest or dividends during the
9 taxable year to the extent excluded from gross income
10 in the computation of taxable income;

11 (B) An amount equal to the amount of tax imposed by
12 this Act to the extent deducted from gross income for
13 the taxable year;

14 (C) The amount of deductions allowed to the
15 partnership pursuant to Section 707 (c) of the
16 Internal Revenue Code in calculating its taxable
17 income;

18 (D) An amount equal to the amount of the capital
19 gain deduction allowable under the Internal Revenue
20 Code, to the extent deducted from gross income in the
21 computation of taxable income;

22 (D-5) For taxable years 2001 and thereafter, an
23 amount equal to the bonus depreciation deduction taken
24 on the taxpayer's federal income tax return for the
25 taxable year under subsection (k) of Section 168 of
26 the Internal Revenue Code;

1 (D-6) If the taxpayer sells, transfers, abandons,
2 or otherwise disposes of property for which the
3 taxpayer was required in any taxable year to make an
4 addition modification under subparagraph (D-5), then
5 an amount equal to the aggregate amount of the
6 deductions taken in all taxable years under
7 subparagraph (O) with respect to that property.

8 If the taxpayer continues to own property through
9 the last day of the last tax year for which a
10 subtraction is allowed with respect to that property
11 under subparagraph (O) and for which the taxpayer was
12 allowed in any taxable year to make a subtraction
13 modification under subparagraph (O), then an amount
14 equal to that subtraction modification.

15 The taxpayer is required to make the addition
16 modification under this subparagraph only once with
17 respect to any one piece of property;

18 (D-7) An amount equal to the amount otherwise
19 allowed as a deduction in computing base income for
20 interest paid, accrued, or incurred, directly or
21 indirectly, (i) for taxable years ending on or after
22 December 31, 2004, to a foreign person who would be a
23 member of the same unitary business group but for the
24 fact the foreign person's business activity outside
25 the United States is 80% or more of the foreign
26 person's total business activity and (ii) for taxable

1 years ending on or after December 31, 2008, to a person
2 who would be a member of the same unitary business
3 group but for the fact that the person is prohibited
4 under Section 1501(a)(27) from being included in the
5 unitary business group because he or she is ordinarily
6 required to apportion business income under different
7 subsections of Section 304. The addition modification
8 required by this subparagraph shall be reduced to the
9 extent that dividends were included in base income of
10 the unitary group for the same taxable year and
11 received by the taxpayer or by a member of the
12 taxpayer's unitary business group (including amounts
13 included in gross income pursuant to Sections 951
14 through 964 of the Internal Revenue Code and amounts
15 included in gross income under Section 78 of the
16 Internal Revenue Code) with respect to the stock of
17 the same person to whom the interest was paid,
18 accrued, or incurred.

19 This paragraph shall not apply to the following:

20 (i) an item of interest paid, accrued, or
21 incurred, directly or indirectly, to a person who
22 is subject in a foreign country or state, other
23 than a state which requires mandatory unitary
24 reporting, to a tax on or measured by net income
25 with respect to such interest; or

26 (ii) an item of interest paid, accrued, or

1 incurred, directly or indirectly, to a person if
2 the taxpayer can establish, based on a
3 preponderance of the evidence, both of the
4 following:

5 (a) the person, during the same taxable
6 year, paid, accrued, or incurred, the interest
7 to a person that is not a related member, and

8 (b) the transaction giving rise to the
9 interest expense between the taxpayer and the
10 person did not have as a principal purpose the
11 avoidance of Illinois income tax, and is paid
12 pursuant to a contract or agreement that
13 reflects an arm's-length interest rate and
14 terms; or

15 (iii) the taxpayer can establish, based on
16 clear and convincing evidence, that the interest
17 paid, accrued, or incurred relates to a contract
18 or agreement entered into at arm's-length rates
19 and terms and the principal purpose for the
20 payment is not federal or Illinois tax avoidance;
21 or

22 (iv) an item of interest paid, accrued, or
23 incurred, directly or indirectly, to a person if
24 the taxpayer establishes by clear and convincing
25 evidence that the adjustments are unreasonable; or
26 if the taxpayer and the Director agree in writing

1 to the application or use of an alternative method
2 of apportionment under Section 304(f).

3 Nothing in this subsection shall preclude the
4 Director from making any other adjustment
5 otherwise allowed under Section 404 of this Act
6 for any tax year beginning after the effective
7 date of this amendment provided such adjustment is
8 made pursuant to regulation adopted by the
9 Department and such regulations provide methods
10 and standards by which the Department will utilize
11 its authority under Section 404 of this Act; and

12 (D-8) An amount equal to the amount of intangible
13 expenses and costs otherwise allowed as a deduction in
14 computing base income, and that were paid, accrued, or
15 incurred, directly or indirectly, (i) for taxable
16 years ending on or after December 31, 2004, to a
17 foreign person who would be a member of the same
18 unitary business group but for the fact that the
19 foreign person's business activity outside the United
20 States is 80% or more of that person's total business
21 activity and (ii) for taxable years ending on or after
22 December 31, 2008, to a person who would be a member of
23 the same unitary business group but for the fact that
24 the person is prohibited under Section 1501(a)(27)
25 from being included in the unitary business group
26 because he or she is ordinarily required to apportion

1 business income under different subsections of Section
2 304. The addition modification required by this
3 subparagraph shall be reduced to the extent that
4 dividends were included in base income of the unitary
5 group for the same taxable year and received by the
6 taxpayer or by a member of the taxpayer's unitary
7 business group (including amounts included in gross
8 income pursuant to Sections 951 through 964 of the
9 Internal Revenue Code and amounts included in gross
10 income under Section 78 of the Internal Revenue Code)
11 with respect to the stock of the same person to whom
12 the intangible expenses and costs were directly or
13 indirectly paid, incurred or accrued. The preceding
14 sentence shall not apply to the extent that the same
15 dividends caused a reduction to the addition
16 modification required under Section 203(d)(2)(D-7) of
17 this Act. As used in this subparagraph, the term
18 "intangible expenses and costs" includes (1) expenses,
19 losses, and costs for, or related to, the direct or
20 indirect acquisition, use, maintenance or management,
21 ownership, sale, exchange, or any other disposition of
22 intangible property; (2) losses incurred, directly or
23 indirectly, from factoring transactions or discounting
24 transactions; (3) royalty, patent, technical, and
25 copyright fees; (4) licensing fees; and (5) other
26 similar expenses and costs. For purposes of this

1 subparagraph, "intangible property" includes patents,
2 patent applications, trade names, trademarks, service
3 marks, copyrights, mask works, trade secrets, and
4 similar types of intangible assets;

5 This paragraph shall not apply to the following:

6 (i) any item of intangible expenses or costs
7 paid, accrued, or incurred, directly or
8 indirectly, from a transaction with a person who
9 is subject in a foreign country or state, other
10 than a state which requires mandatory unitary
11 reporting, to a tax on or measured by net income
12 with respect to such item; or

13 (ii) any item of intangible expense or cost
14 paid, accrued, or incurred, directly or
15 indirectly, if the taxpayer can establish, based
16 on a preponderance of the evidence, both of the
17 following:

18 (a) the person during the same taxable
19 year paid, accrued, or incurred, the
20 intangible expense or cost to a person that is
21 not a related member, and

22 (b) the transaction giving rise to the
23 intangible expense or cost between the
24 taxpayer and the person did not have as a
25 principal purpose the avoidance of Illinois
26 income tax, and is paid pursuant to a contract

1 or agreement that reflects arm's-length terms;

2 or

3 (iii) any item of intangible expense or cost
4 paid, accrued, or incurred, directly or
5 indirectly, from a transaction with a person if
6 the taxpayer establishes by clear and convincing
7 evidence, that the adjustments are unreasonable;
8 or if the taxpayer and the Director agree in
9 writing to the application or use of an
10 alternative method of apportionment under Section
11 304(f);

12 Nothing in this subsection shall preclude the
13 Director from making any other adjustment
14 otherwise allowed under Section 404 of this Act
15 for any tax year beginning after the effective
16 date of this amendment provided such adjustment is
17 made pursuant to regulation adopted by the
18 Department and such regulations provide methods
19 and standards by which the Department will utilize
20 its authority under Section 404 of this Act;

21 (D-9) For taxable years ending on or after
22 December 31, 2008, an amount equal to the amount of
23 insurance premium expenses and costs otherwise allowed
24 as a deduction in computing base income, and that were
25 paid, accrued, or incurred, directly or indirectly, to
26 a person who would be a member of the same unitary

1 business group but for the fact that the person is
2 prohibited under Section 1501(a)(27) from being
3 included in the unitary business group because he or
4 she is ordinarily required to apportion business
5 income under different subsections of Section 304. The
6 addition modification required by this subparagraph
7 shall be reduced to the extent that dividends were
8 included in base income of the unitary group for the
9 same taxable year and received by the taxpayer or by a
10 member of the taxpayer's unitary business group
11 (including amounts included in gross income under
12 Sections 951 through 964 of the Internal Revenue Code
13 and amounts included in gross income under Section 78
14 of the Internal Revenue Code) with respect to the
15 stock of the same person to whom the premiums and costs
16 were directly or indirectly paid, incurred, or
17 accrued. The preceding sentence does not apply to the
18 extent that the same dividends caused a reduction to
19 the addition modification required under Section
20 203(d)(2)(D-7) or Section 203(d)(2)(D-8) of this Act;

21 (D-10) An amount equal to the credit allowable to
22 the taxpayer under Section 218(a) of this Act,
23 determined without regard to Section 218(c) of this
24 Act;

25 (D-11) For taxable years ending on or after
26 December 31, 2017, an amount equal to the deduction

1 allowed under Section 199 of the Internal Revenue Code
2 for the taxable year;

3 (D-12) the amount that is claimed as a federal
4 deduction when computing the taxpayer's federal
5 taxable income for the taxable year and that is
6 attributable to an endowment gift for which the
7 taxpayer receives a credit under the Illinois Gives
8 Tax Credit Act;

9 and by deducting from the total so obtained the following
10 amounts:

11 (E) The valuation limitation amount;

12 (F) An amount equal to the amount of any tax
13 imposed by this Act which was refunded to the taxpayer
14 and included in such total for the taxable year;

15 (G) An amount equal to all amounts included in
16 taxable income as modified by subparagraphs (A), (B),
17 (C) and (D) which are exempt from taxation by this
18 State either by reason of its statutes or Constitution
19 or by reason of the Constitution, treaties or statutes
20 of the United States; provided that, in the case of any
21 statute of this State that exempts income derived from
22 bonds or other obligations from the tax imposed under
23 this Act, the amount exempted shall be the interest
24 net of bond premium amortization;

25 (H) Any income of the partnership which
26 constitutes personal service income as defined in

1 Section 1348(b)(1) of the Internal Revenue Code (as in
2 effect December 31, 1981) or a reasonable allowance
3 for compensation paid or accrued for services rendered
4 by partners to the partnership, whichever is greater;
5 this subparagraph (H) is exempt from the provisions of
6 Section 250;

7 (I) An amount equal to all amounts of income
8 distributable to an entity subject to the Personal
9 Property Tax Replacement Income Tax imposed by
10 subsections (c) and (d) of Section 201 of this Act
11 including amounts distributable to organizations
12 exempt from federal income tax by reason of Section
13 501(a) of the Internal Revenue Code; this subparagraph
14 (I) is exempt from the provisions of Section 250;

15 (J) With the exception of any amounts subtracted
16 under subparagraph (G), an amount equal to the sum of
17 all amounts disallowed as deductions by (i) Sections
18 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
19 and all amounts of expenses allocable to interest and
20 disallowed as deductions by Section 265(a)(1) of the
21 Internal Revenue Code; and (ii) for taxable years
22 ending on or after August 13, 1999, Sections
23 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
24 Internal Revenue Code, plus, (iii) for taxable years
25 ending on or after December 31, 2011, Section
26 45G(e)(3) of the Internal Revenue Code and, for

1 taxable years ending on or after December 31, 2008,
2 any amount included in gross income under Section 87
3 of the Internal Revenue Code; the provisions of this
4 subparagraph are exempt from the provisions of Section
5 250;

6 (K) An amount equal to those dividends included in
7 such total which were paid by a corporation which
8 conducts business operations in a River Edge
9 Redevelopment Zone or zones created under the River
10 Edge Redevelopment Zone Act and conducts substantially
11 all of its operations from a River Edge Redevelopment
12 Zone or zones. This subparagraph (K) is exempt from
13 the provisions of Section 250;

14 (L) An amount equal to any contribution made to a
15 job training project established pursuant to the Real
16 Property Tax Increment Allocation Redevelopment Act;

17 (M) An amount equal to those dividends included in
18 such total that were paid by a corporation that
19 conducts business operations in a federally designated
20 Foreign Trade Zone or Sub-Zone and that is designated
21 a High Impact Business located in Illinois; provided
22 that dividends eligible for the deduction provided in
23 subparagraph (K) of paragraph (2) of this subsection
24 shall not be eligible for the deduction provided under
25 this subparagraph (M);

26 (N) An amount equal to the amount of the deduction

1 used to compute the federal income tax credit for
2 restoration of substantial amounts held under claim of
3 right for the taxable year pursuant to Section 1341 of
4 the Internal Revenue Code;

5 (0) For taxable years 2001 and thereafter, for the
6 taxable year in which the bonus depreciation deduction
7 is taken on the taxpayer's federal income tax return
8 under subsection (k) of Section 168 of the Internal
9 Revenue Code and for each applicable taxable year
10 thereafter, an amount equal to "x", where:

11 (1) "y" equals the amount of the depreciation
12 deduction taken for the taxable year on the
13 taxpayer's federal income tax return on property
14 for which the bonus depreciation deduction was
15 taken in any year under subsection (k) of Section
16 168 of the Internal Revenue Code, but not
17 including the bonus depreciation deduction;

18 (2) for taxable years ending on or before
19 December 31, 2005, "x" equals "y" multiplied by 30
20 and then divided by 70 (or "y" multiplied by
21 0.429); and

22 (3) for taxable years ending after December
23 31, 2005:

24 (i) for property on which a bonus
25 depreciation deduction of 30% of the adjusted
26 basis was taken, "x" equals "y" multiplied by

1 30 and then divided by 70 (or "y" multiplied
2 by 0.429);

3 (ii) for property on which a bonus
4 depreciation deduction of 50% of the adjusted
5 basis was taken, "x" equals "y" multiplied by
6 1.0;

7 (iii) for property on which a bonus
8 depreciation deduction of 100% of the adjusted
9 basis was taken in a taxable year ending on or
10 after December 31, 2021, "x" equals the
11 depreciation deduction that would be allowed
12 on that property if the taxpayer had made the
13 election under Section 168(k)(7) of the
14 Internal Revenue Code to not claim bonus
15 depreciation on that property; and

16 (iv) for property on which a bonus
17 depreciation deduction of a percentage other
18 than 30%, 50% or 100% of the adjusted basis
19 was taken in a taxable year ending on or after
20 December 31, 2021, "x" equals "y" multiplied
21 by 100 times the percentage bonus depreciation
22 on the property (that is, $100(\text{bonus}\%)$) and
23 then divided by 100 times 1 minus the
24 percentage bonus depreciation on the property
25 (that is, $100(1-\text{bonus}\%)$).

26 The aggregate amount deducted under this

1 subparagraph in all taxable years for any one piece of
2 property may not exceed the amount of the bonus
3 depreciation deduction taken on that property on the
4 taxpayer's federal income tax return under subsection
5 (k) of Section 168 of the Internal Revenue Code. This
6 subparagraph (O) is exempt from the provisions of
7 Section 250;

8 (P) If the taxpayer sells, transfers, abandons, or
9 otherwise disposes of property for which the taxpayer
10 was required in any taxable year to make an addition
11 modification under subparagraph (D-5), then an amount
12 equal to that addition modification.

13 If the taxpayer continues to own property through
14 the last day of the last tax year for which a
15 subtraction is allowed with respect to that property
16 under subparagraph (O) and for which the taxpayer was
17 required in any taxable year to make an addition
18 modification under subparagraph (D-5), then an amount
19 equal to that addition modification.

20 The taxpayer is allowed to take the deduction
21 under this subparagraph only once with respect to any
22 one piece of property.

23 This subparagraph (P) is exempt from the
24 provisions of Section 250;

25 (Q) The amount of (i) any interest income (net of
26 the deductions allocable thereto) taken into account

1 for the taxable year with respect to a transaction
2 with a taxpayer that is required to make an addition
3 modification with respect to such transaction under
4 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
5 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
6 the amount of such addition modification and (ii) any
7 income from intangible property (net of the deductions
8 allocable thereto) taken into account for the taxable
9 year with respect to a transaction with a taxpayer
10 that is required to make an addition modification with
11 respect to such transaction under Section
12 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
13 203(d)(2)(D-8), but not to exceed the amount of such
14 addition modification. This subparagraph (Q) is exempt
15 from Section 250;

16 (R) An amount equal to the interest income taken
17 into account for the taxable year (net of the
18 deductions allocable thereto) with respect to
19 transactions with (i) a foreign person who would be a
20 member of the taxpayer's unitary business group but
21 for the fact that the foreign person's business
22 activity outside the United States is 80% or more of
23 that person's total business activity and (ii) for
24 taxable years ending on or after December 31, 2008, to
25 a person who would be a member of the same unitary
26 business group but for the fact that the person is

1 prohibited under Section 1501(a)(27) from being
2 included in the unitary business group because he or
3 she is ordinarily required to apportion business
4 income under different subsections of Section 304, but
5 not to exceed the addition modification required to be
6 made for the same taxable year under Section
7 203(d)(2)(D-7) for interest paid, accrued, or
8 incurred, directly or indirectly, to the same person.
9 This subparagraph (R) is exempt from Section 250;

10 (S) An amount equal to the income from intangible
11 property taken into account for the taxable year (net
12 of the deductions allocable thereto) with respect to
13 transactions with (i) a foreign person who would be a
14 member of the taxpayer's unitary business group but
15 for the fact that the foreign person's business
16 activity outside the United States is 80% or more of
17 that person's total business activity and (ii) for
18 taxable years ending on or after December 31, 2008, to
19 a person who would be a member of the same unitary
20 business group but for the fact that the person is
21 prohibited under Section 1501(a)(27) from being
22 included in the unitary business group because he or
23 she is ordinarily required to apportion business
24 income under different subsections of Section 304, but
25 not to exceed the addition modification required to be
26 made for the same taxable year under Section

1 203(d) (2) (D-8) for intangible expenses and costs paid,
2 accrued, or incurred, directly or indirectly, to the
3 same person. This subparagraph (S) is exempt from
4 Section 250;

5 (T) For taxable years ending on or after December
6 31, 2011, in the case of a taxpayer who was required to
7 add back any insurance premiums under Section
8 203(d) (2) (D-9), such taxpayer may elect to subtract
9 that part of a reimbursement received from the
10 insurance company equal to the amount of the expense
11 or loss (including expenses incurred by the insurance
12 company) that would have been taken into account as a
13 deduction for federal income tax purposes if the
14 expense or loss had been uninsured. If a taxpayer
15 makes the election provided for by this subparagraph
16 (T), the insurer to which the premiums were paid must
17 add back to income the amount subtracted by the
18 taxpayer pursuant to this subparagraph (T). This
19 subparagraph (T) is exempt from the provisions of
20 Section 250; and

21 (U) For taxable years beginning on or after
22 January 1, 2023, for any cannabis establishment
23 operating in this State and licensed under the
24 Cannabis Regulation and Tax Act or any cannabis
25 cultivation center or medical cannabis dispensing
26 organization operating in this State and licensed

1 under the Compassionate Use of Medical Cannabis
2 Program Act, an amount equal to the deductions that
3 were disallowed under Section 280E of the Internal
4 Revenue Code for the taxable year and that would not be
5 added back under this subsection. The provisions of
6 this subparagraph (U) are exempt from the provisions
7 of Section 250.

8 (e) Gross income; adjusted gross income; taxable income.

9 (1) In general. Subject to the provisions of paragraph
10 (2) and subsection (b) (3), for purposes of this Section
11 and Section 803(e), a taxpayer's gross income, adjusted
12 gross income, or taxable income for the taxable year shall
13 mean the amount of gross income, adjusted gross income or
14 taxable income properly reportable for federal income tax
15 purposes for the taxable year under the provisions of the
16 Internal Revenue Code. Taxable income may be less than
17 zero. However, for taxable years ending on or after
18 December 31, 1986, net operating loss carryforwards from
19 taxable years ending prior to December 31, 1986, may not
20 exceed the sum of federal taxable income for the taxable
21 year before net operating loss deduction, plus the excess
22 of addition modifications over subtraction modifications
23 for the taxable year. For taxable years ending prior to
24 December 31, 1986, taxable income may never be an amount
25 in excess of the net operating loss for the taxable year as

1 defined in subsections (c) and (d) of Section 172 of the
2 Internal Revenue Code, provided that when taxable income
3 of a corporation (other than a Subchapter S corporation),
4 trust, or estate is less than zero and addition
5 modifications, other than those provided by subparagraph
6 (E) of paragraph (2) of subsection (b) for corporations or
7 subparagraph (E) of paragraph (2) of subsection (c) for
8 trusts and estates, exceed subtraction modifications, an
9 addition modification must be made under those
10 subparagraphs for any other taxable year to which the
11 taxable income less than zero (net operating loss) is
12 applied under Section 172 of the Internal Revenue Code or
13 under subparagraph (E) of paragraph (2) of this subsection
14 (e) applied in conjunction with Section 172 of the
15 Internal Revenue Code.

16 (2) Special rule. For purposes of paragraph (1) of
17 this subsection, the taxable income properly reportable
18 for federal income tax purposes shall mean:

19 (A) Certain life insurance companies. In the case
20 of a life insurance company subject to the tax imposed
21 by Section 801 of the Internal Revenue Code, life
22 insurance company taxable income, plus the amount of
23 distribution from pre-1984 policyholder surplus
24 accounts as calculated under Section 815a of the
25 Internal Revenue Code;

26 (B) Certain other insurance companies. In the case

1 of mutual insurance companies subject to the tax
2 imposed by Section 831 of the Internal Revenue Code,
3 insurance company taxable income;

4 (C) Regulated investment companies. In the case of
5 a regulated investment company subject to the tax
6 imposed by Section 852 of the Internal Revenue Code,
7 investment company taxable income;

8 (D) Real estate investment trusts. In the case of
9 a real estate investment trust subject to the tax
10 imposed by Section 857 of the Internal Revenue Code,
11 real estate investment trust taxable income;

12 (E) Consolidated corporations. In the case of a
13 corporation which is a member of an affiliated group
14 of corporations filing a consolidated income tax
15 return for the taxable year for federal income tax
16 purposes, taxable income determined as if such
17 corporation had filed a separate return for federal
18 income tax purposes for the taxable year and each
19 preceding taxable year for which it was a member of an
20 affiliated group. For purposes of this subparagraph,
21 the taxpayer's separate taxable income shall be
22 determined as if the election provided by Section
23 243(b)(2) of the Internal Revenue Code had been in
24 effect for all such years;

25 (F) Cooperatives. In the case of a cooperative
26 corporation or association, the taxable income of such

1 organization determined in accordance with the
2 provisions of Section 1381 through 1388 of the
3 Internal Revenue Code, but without regard to the
4 prohibition against offsetting losses from patronage
5 activities against income from nonpatronage
6 activities; except that a cooperative corporation or
7 association may make an election to follow its federal
8 income tax treatment of patronage losses and
9 nonpatronage losses. In the event such election is
10 made, such losses shall be computed and carried over
11 in a manner consistent with subsection (a) of Section
12 207 of this Act and apportioned by the apportionment
13 factor reported by the cooperative on its Illinois
14 income tax return filed for the taxable year in which
15 the losses are incurred. The election shall be
16 effective for all taxable years with original returns
17 due on or after the date of the election. In addition,
18 the cooperative may file an amended return or returns,
19 as allowed under this Act, to provide that the
20 election shall be effective for losses incurred or
21 carried forward for taxable years occurring prior to
22 the date of the election. Once made, the election may
23 only be revoked upon approval of the Director. The
24 Department shall adopt rules setting forth
25 requirements for documenting the elections and any
26 resulting Illinois net loss and the standards to be

1 used by the Director in evaluating requests to revoke
2 elections. Public Act 96-932 is declaratory of
3 existing law;

4 (G) Subchapter S corporations. In the case of: (i)
5 a Subchapter S corporation for which there is in
6 effect an election for the taxable year under Section
7 1362 of the Internal Revenue Code, the taxable income
8 of such corporation determined in accordance with
9 Section 1363(b) of the Internal Revenue Code, except
10 that taxable income shall take into account those
11 items which are required by Section 1363(b)(1) of the
12 Internal Revenue Code to be separately stated; and
13 (ii) a Subchapter S corporation for which there is in
14 effect a federal election to opt out of the provisions
15 of the Subchapter S Revision Act of 1982 and have
16 applied instead the prior federal Subchapter S rules
17 as in effect on July 1, 1982, the taxable income of
18 such corporation determined in accordance with the
19 federal Subchapter S rules as in effect on July 1,
20 1982; and

21 (H) Partnerships. In the case of a partnership,
22 taxable income determined in accordance with Section
23 703 of the Internal Revenue Code, except that taxable
24 income shall take into account those items which are
25 required by Section 703(a)(1) to be separately stated
26 but which would be taken into account by an individual

1 in calculating his taxable income.

2 (3) Recapture of business expenses on disposition of
3 asset or business. Notwithstanding any other law to the
4 contrary, if in prior years income from an asset or
5 business has been classified as business income and in a
6 later year is demonstrated to be non-business income, then
7 all expenses, without limitation, deducted in such later
8 year and in the 2 immediately preceding taxable years
9 related to that asset or business that generated the
10 non-business income shall be added back and recaptured as
11 business income in the year of the disposition of the
12 asset or business. Such amount shall be apportioned to
13 Illinois using the greater of the apportionment fraction
14 computed for the business under Section 304 of this Act
15 for the taxable year or the average of the apportionment
16 fractions computed for the business under Section 304 of
17 this Act for the taxable year and for the 2 immediately
18 preceding taxable years.

19 (f) Valuation limitation amount.

20 (1) In general. The valuation limitation amount
21 referred to in subsections (a)(2)(G), (c)(2)(I) and
22 (d)(2)(E) is an amount equal to:

23 (A) The sum of the pre-August 1, 1969 appreciation
24 amounts (to the extent consisting of gain reportable
25 under the provisions of Section 1245 or 1250 of the

1 Internal Revenue Code) for all property in respect of
2 which such gain was reported for the taxable year;
3 plus

4 (B) The lesser of (i) the sum of the pre-August 1,
5 1969 appreciation amounts (to the extent consisting of
6 capital gain) for all property in respect of which
7 such gain was reported for federal income tax purposes
8 for the taxable year, or (ii) the net capital gain for
9 the taxable year, reduced in either case by any amount
10 of such gain included in the amount determined under
11 subsection (a) (2) (F) or (c) (2) (H).

12 (2) Pre-August 1, 1969 appreciation amount.

13 (A) If the fair market value of property referred
14 to in paragraph (1) was readily ascertainable on
15 August 1, 1969, the pre-August 1, 1969 appreciation
16 amount for such property is the lesser of (i) the
17 excess of such fair market value over the taxpayer's
18 basis (for determining gain) for such property on that
19 date (determined under the Internal Revenue Code as in
20 effect on that date), or (ii) the total gain realized
21 and reportable for federal income tax purposes in
22 respect of the sale, exchange or other disposition of
23 such property.

24 (B) If the fair market value of property referred
25 to in paragraph (1) was not readily ascertainable on
26 August 1, 1969, the pre-August 1, 1969 appreciation

1 amount for such property is that amount which bears
2 the same ratio to the total gain reported in respect of
3 the property for federal income tax purposes for the
4 taxable year, as the number of full calendar months in
5 that part of the taxpayer's holding period for the
6 property ending July 31, 1969 bears to the number of
7 full calendar months in the taxpayer's entire holding
8 period for the property.

9 (C) The Department shall prescribe such
10 regulations as may be necessary to carry out the
11 purposes of this paragraph.

12 (g) Double deductions. Unless specifically provided
13 otherwise, nothing in this Section shall permit the same item
14 to be deducted more than once.

15 (h) Legislative intention. Except as expressly provided by
16 this Section there shall be no modifications or limitations on
17 the amounts of income, gain, loss or deduction taken into
18 account in determining gross income, adjusted gross income or
19 taxable income for federal income tax purposes for the taxable
20 year, or in the amount of such items entering into the
21 computation of base income and net income under this Act for
22 such taxable year, whether in respect of property values as of
23 August 1, 1969 or otherwise.

24 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;

1 102-658, eff. 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff.
2 12-21-22; 103-8, eff. 6-7-23; 103-478, eff. 1-1-24; 103-592,
3 Article 10, Section 10-900, eff. 6-7-24; 103-592, Article 170,
4 Section 170-90, eff. 6-7-24; 103-605, eff. 7-1-24; 103-647,
5 eff. 7-1-24; revised 8-20-24.)

6 (35 ILCS 5/218)

7 Sec. 218. Credit for student-assistance contributions.

8 (a) For taxable years ending on or after December 31, 2009
9 and on or before December 31, 2029, each taxpayer who, during
10 the taxable year, makes a contribution (i) to a specified
11 individual College, Secondary, and Elementary Education
12 Savings Pool Account under Section 16.5 of the State Treasurer
13 Act or (ii) to the Illinois Prepaid Tuition Trust Fund in an
14 amount matching a contribution made in the same taxable year
15 by an employee of the taxpayer to that Account or Fund is
16 entitled to a credit against the tax imposed under subsections
17 (a) and (b) of Section 201 in an amount equal to 25% of that
18 matching contribution, but not to exceed \$500 per contributing
19 employee per taxable year.

20 (b) For taxable years ending before December 31, 2023, for
21 partners, shareholders of Subchapter S corporations, and
22 owners of limited liability companies, if the liability
23 company is treated as a partnership for purposes of federal
24 and State income taxation, there is allowed a credit under
25 this Section to be determined in accordance with the

1 determination of income and distributive share of income under
2 Sections 702 and 704 and Subchapter S of the Internal Revenue
3 Code. For taxable years ending on or after December 31, 2023,
4 partners and shareholders of subchapter S corporations are
5 entitled to a credit under this Section as provided in Section
6 251.

7 (c) The credit may not be carried back. If the amount of
8 the credit exceeds the tax liability for the year, the excess
9 may be carried forward and applied to the tax liability of the
10 5 taxable years following the excess credit year. The tax
11 credit shall be applied to the earliest year for which there is
12 a tax liability. If there are credits for more than one year
13 that are available to offset a liability, the earlier credit
14 shall be applied first.

15 (d) A taxpayer claiming the credit under this Section must
16 maintain and record any information that the Illinois Student
17 Assistance Commission, the Office of the State Treasurer, or
18 the Department may require regarding the matching contribution
19 for which the credit is claimed.

20 (Source: P.A. 102-289, eff. 8-6-21; 103-396, eff. 1-1-24;
21 103-592, eff. 6-7-24.)

22 Section 20. The Code of Civil Procedure is amended by
23 changing Section 12-1001 as follows:

24 (735 ILCS 5/12-1001) (from Ch. 110, par. 12-1001)

1 Sec. 12-1001. Personal property exempt. The following
2 personal property, owned by the debtor, is exempt from
3 judgment, attachment, or distress for rent:

4 (a) The necessary wearing apparel, bible, school
5 books, and family pictures of the debtor and the debtor's
6 dependents;

7 (b) The debtor's equity interest, not to exceed \$4,000
8 in value, in any other property;

9 (c) The debtor's interest, not to exceed \$2,400 in
10 value, in any one motor vehicle;

11 (d) The debtor's equity interest, not to exceed \$1,500
12 in value, in any implements, professional books, or tools
13 of the trade of the debtor;

14 (e) Professionally prescribed health aids for the
15 debtor or a dependent of the debtor;

16 (f) All proceeds payable because of the death of the
17 insured and the aggregate net cash value of any or all life
18 insurance and endowment policies and annuity contracts
19 payable to a wife or husband of the insured, or to a child,
20 parent, or other person dependent upon the insured, or to
21 a revocable or irrevocable trust which names the wife or
22 husband of the insured or which names a child, parent, or
23 other person dependent upon the insured as the primary
24 beneficiary of the trust, whether the power to change the
25 beneficiary is reserved to the insured or not and whether
26 the insured or the insured's estate is a contingent

1 beneficiary or not;

2 (g) The debtor's right to receive:

3 (1) a social security benefit, unemployment
4 compensation, or public assistance benefit;

5 (2) a veteran's benefit;

6 (3) a disability, illness, or unemployment
7 benefit; and

8 (4) alimony, support, or separate maintenance, to
9 the extent reasonably necessary for the support of the
10 debtor and any dependent of the debtor.

11 (h) The debtor's right to receive, or property that is
12 traceable to:

13 (1) an award under a crime victim's reparation
14 law;

15 (2) a payment on account of the wrongful death of
16 an individual of whom the debtor was a dependent, to
17 the extent reasonably necessary for the support of the
18 debtor;

19 (3) a payment under a life insurance contract that
20 insured the life of an individual of whom the debtor
21 was a dependent, to the extent reasonably necessary
22 for the support of the debtor or a dependent of the
23 debtor;

24 (4) a payment, not to exceed \$15,000 in value, on
25 account of personal bodily injury of the debtor or an
26 individual of whom the debtor was a dependent; and

1 (5) any restitution payments made to persons
2 pursuant to the federal Civil Liberties Act of 1988
3 and the Aleutian and Pribilof Island Restitution Act,
4 P.L. 100-383.

5 For purposes of this subsection (h), a debtor's right
6 to receive an award or payment shall be exempt for a
7 maximum of 2 years after the debtor's right to receive the
8 award or payment accrues; property traceable to an award
9 or payment shall be exempt for a maximum of 5 years after
10 the award or payment accrues; and an award or payment and
11 property traceable to an award or payment shall be exempt
12 only to the extent of the amount of the award or payment,
13 without interest or appreciation from the date of the
14 award or payment.

15 (i) The debtor's right to receive an award under Part
16 20 of Article II of this Code relating to crime victims'
17 awards.

18 (j) Moneys held in an account invested in the Illinois
19 College, Secondary, and Elementary Education Savings Pool
20 of which the debtor is a participant or donor and funds
21 invested in an ABLE Account as defined by Section 529 of
22 the Internal Revenue Code, except the following non-exempt
23 contributions:

24 (1) any contribution to such account by the debtor
25 as participant or donor that is made with the actual
26 intent to hinder, delay, or defraud any creditor of

1 the debtor;

2 (2) any contributions to such account by the
3 debtor as participant during the 365 day period prior
4 to the date of filing of the debtor's petition for
5 bankruptcy that, in the aggregate during such period,
6 exceed the amount of the annual gift tax exclusion
7 under Section 2503(b) of the Internal Revenue Code of
8 1986, as amended, in effect at the time of
9 contribution; or

10 (3) any contributions to such account by the
11 debtor as participant during the period commencing 730
12 days prior to and ending 366 days prior to the date of
13 filing of the debtor's petition for bankruptcy that,
14 in the aggregate during such period, exceed the amount
15 of the annual gift tax exclusion under Section 2503(b)
16 of the Internal Revenue Code of 1986, as amended, in
17 effect at the time of contribution.

18 For purposes of this subsection (j), "account"
19 includes all accounts for a particular designated
20 beneficiary, of which the debtor is a participant or
21 donor.

22 Money due the debtor from the sale of any personal
23 property that was exempt from judgment, attachment, or
24 distress for rent at the time of the sale is exempt from
25 attachment and garnishment to the same extent that the
26 property would be exempt had the same not been sold by the

1 debtor.

2 If a debtor owns property exempt under this Section and he
3 or she purchased that property with the intent of converting
4 nonexempt property into exempt property or in fraud of his or
5 her creditors, that property shall not be exempt from
6 judgment, attachment, or distress for rent. Property acquired
7 within 6 months of the filing of the petition for bankruptcy
8 shall be presumed to have been acquired in contemplation of
9 bankruptcy.

10 The personal property exemptions set forth in this Section
11 shall apply only to individuals and only to personal property
12 that is used for personal rather than business purposes. The
13 personal property exemptions set forth in this Section shall
14 not apply to or be allowed against any money, salary, or wages
15 due or to become due to the debtor that are required to be
16 withheld in a wage deduction proceeding under Part 8 of this
17 Article XII.

18 (Source: P.A. 100-922, eff. 1-1-19.)

19 Section 25. The Illinois Marriage and Dissolution of
20 Marriage Act is amended by changing Section 513 as follows:

21 (750 ILCS 5/513) (from Ch. 40, par. 513)

22 Sec. 513. Educational expenses for a non-minor child.

23 (a) The court may award sums of money out of the property
24 and income of either or both parties or the estate of a

1 deceased parent, as equity may require, for the educational
2 expenses of any child of the parties. Unless otherwise agreed
3 to by the parties, all educational expenses which are the
4 subject of a petition brought pursuant to this Section shall
5 be incurred no later than the student's 23rd birthday, except
6 for good cause shown, but in no event later than the child's
7 25th birthday.

8 (b) Regardless of whether an award has been made under
9 subsection (a), the court may require both parties and the
10 child to complete the Free Application for Federal Student Aid
11 (FAFSA) and other financial aid forms and to submit any form of
12 that type prior to the designated submission deadline for the
13 form. The court may require either or both parties to provide
14 funds for the child so as to pay for the cost of up to 5
15 college applications, the cost of 2 standardized college
16 entrance examinations, and the cost of one standardized
17 college entrance examination preparatory course.

18 (c) The authority under this Section to make provision for
19 educational expenses extends not only to periods of college
20 education or vocational or professional or other training
21 after graduation from high school, but also to any period
22 during which the child of the parties is still attending high
23 school, even though he or she attained the age of 19.

24 (d) Educational expenses may include, but shall not be
25 limited to, the following:

26 (1) except for good cause shown, the actual cost of

1 the child's post-secondary expenses, including tuition and
2 fees, provided that the cost for tuition and fees does not
3 exceed the amount of in-state tuition and fees paid by a
4 student at the University of Illinois at Urbana-Champaign
5 for the same academic year;

6 (2) except for good cause shown, the actual costs of
7 the child's housing expenses, whether on-campus or
8 off-campus, provided that the housing expenses do not
9 exceed the cost for the same academic year of a
10 double-occupancy student room, with a standard meal plan,
11 in a residence hall operated by the University of Illinois
12 at Urbana-Champaign;

13 (3) the actual costs of the child's medical expenses,
14 including medical insurance, and dental expenses;

15 (4) the reasonable living expenses of the child during
16 the academic year and periods of recess:

17 (A) if the child is a resident student attending a
18 post-secondary educational program; or

19 (B) if the child is living with one party at that
20 party's home and attending a post-secondary
21 educational program as a non-resident student, in
22 which case the living expenses include an amount that
23 pays for the reasonable cost of the child's food,
24 utilities, and transportation; and

25 (5) the cost of books and other supplies necessary to
26 attend college.

1 (e) Sums may be ordered payable to the child, to either
2 party, or to the educational institution, directly or through
3 a special account or trust created for that purpose, as the
4 court sees fit.

5 (f) If educational expenses are ordered payable, each
6 party and the child shall sign any consent necessary for the
7 educational institution to provide a supporting party with
8 access to the child's academic transcripts, records, and grade
9 reports. The consent shall not apply to any non-academic
10 records. Failure to execute the required consent may be a
11 basis for a modification or termination of any order entered
12 under this Section. Unless the court specifically finds that
13 the child's safety would be jeopardized, each party is
14 entitled to know the name of the educational institution the
15 child attends.

16 (g) The authority under this Section to make provision for
17 educational expenses terminates when the child either: fails
18 to maintain a cumulative "C" grade point average, except in
19 the event of illness or other good cause shown; attains the age
20 of 23; receives a baccalaureate degree; or marries. A child's
21 enlisting in the armed forces, being incarcerated, or becoming
22 pregnant does not terminate the court's authority to make
23 provisions for the educational expenses for the child under
24 this Section.

25 (h) An account established prior to the dissolution that
26 is to be used for the child's elementary, secondary, and

1 post-secondary education, that is an account in a state
2 tuition program under Section 529 of the Internal Revenue
3 Code, or that is some other college, secondary, or elementary
4 education savings plan, is to be considered by the court to be
5 a resource of the child, provided that any post-judgment
6 contribution made by a party to such an account is to be
7 considered a contribution from that party.

8 (i) The child is not a third party beneficiary to the
9 settlement agreement or judgment between the parties after
10 trial and is not entitled to file a petition for contribution.
11 If the parties' settlement agreement describes the manner in
12 which a child's educational expenses will be paid, or if the
13 court makes an award pursuant to this Section, then the
14 parties are responsible pursuant to that agreement or award
15 for the child's educational expenses, but in no event shall
16 the court consider the child a third party beneficiary of that
17 provision. In the event of the death or legal disability of a
18 party who would have the right to file a petition for
19 contribution, the child of the party may file a petition for
20 contribution.

21 (j) In making awards under this Section, or pursuant to a
22 petition or motion to decrease, modify, or terminate any such
23 award, the court shall consider all relevant factors that
24 appear reasonable and necessary, including:

25 (1) The present and future financial resources of both
26 parties to meet their needs, including, but not limited

1 to, savings for retirement.

2 (2) The standard of living the child would have
3 enjoyed had the marriage not been dissolved.

4 (3) The financial resources of the child.

5 (4) The child's academic performance.

6 (k) The establishment of an obligation to pay under this
7 Section is retroactive only to the date of filing a petition.
8 The right to enforce a prior obligation to pay may be enforced
9 either before or after the obligation is incurred.

10 (Source: P.A. 99-90, eff. 1-1-16; 99-143, eff. 7-27-15;
11 99-642, eff. 7-28-16; 99-763, eff. 1-1-17.)

12 Section 95. No acceleration or delay. Where this Act makes
13 changes in a statute that is represented in this Act by text
14 that is not yet or no longer in effect (for example, a Section
15 represented by multiple versions), the use of that text does
16 not accelerate or delay the taking effect of (i) the changes
17 made by this Act or (ii) provisions derived from any other
18 Public Act.

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