

HB4294



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB4294

Introduced 1/14/2026, by Rep. Kyle Moore

SYNOPSIS AS INTRODUCED:

35 ILCS 5/901

Amends the Illinois Income Tax Act. Increases the amount transferred from the General Revenue Fund to the Local Government Distributive Fund. Effective immediately.

LRB104 17054 HLH 30469 b

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 5/901)

7 Sec. 901. Collection authority.

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

1 Section 10-26 of the Illinois Public Aid Code, as directed by
2 the Department of Healthcare and Family Services.

3 (b) Local Government Distributive Fund.

4 (1) Beginning August 1, 2017 and continuing through
5 July 31, 2022, the Treasurer shall transfer each month
6 from the General Revenue Fund to the Local Government
7 Distributive Fund an amount equal to the sum of: (i) 6.06%
8 (10% of the ratio of the 3% individual income tax rate
9 prior to 2011 to the 4.95% individual income tax rate
10 after July 1, 2017) of the net revenue realized from the
11 tax imposed by subsections (a) and (b) of Section 201 of
12 this Act upon individuals, trusts, and estates during the
13 preceding month; (ii) 6.85% (10% of the ratio of the 4.8%
14 corporate income tax rate prior to 2011 to the 7%
15 corporate income tax rate after July 1, 2017) of the net
16 revenue realized from the tax imposed by subsections (a)
17 and (b) of Section 201 of this Act upon corporations
18 during the preceding month; and (iii) beginning February
19 1, 2022, 6.06% of the net revenue realized from the tax
20 imposed by subsection (p) of Section 201 of this Act upon
21 electing pass-through entities.

22 (2) Beginning August 1, 2022 and continuing through
23 July 31, 2023, the Treasurer shall transfer each month
24 from the General Revenue Fund to the Local Government
25 Distributive Fund an amount equal to the sum of: (i) 6.16%
26 of the net revenue realized from the tax imposed by

1 subsections (a) and (b) of Section 201 of this Act upon
2 individuals, trusts, and estates during the preceding
3 month; (ii) 6.85% of the net revenue realized from the tax
4 imposed by subsections (a) and (b) of Section 201 of this
5 Act upon corporations during the preceding month; and
6 (iii) 6.16% of the net revenue realized from the tax
7 imposed by subsection (p) of Section 201 of this Act upon
8 electing pass-through entities.

9 (3) Beginning August 1, 2023 and continuing through
10 June 30, 2026, the Treasurer shall transfer each month
11 from the General Revenue Fund to the Local Government
12 Distributive Fund an amount equal to the sum of: (i) 6.47%
13 of the net revenue realized from the tax imposed by
14 subsections (a) and (b) of Section 201 of this Act upon
15 individuals, trusts, and estates during the preceding
16 month; (ii) 6.85% of the net revenue realized from the tax
17 imposed by subsections (a) and (b) of Section 201 of this
18 Act upon corporations during the preceding month; and
19 (iii) 6.47% of the net revenue realized from the tax
20 imposed by subsection (p) of Section 201 of this Act upon
21 electing pass-through entities.

22 (4) Beginning July 1, 2026 and continuing through June
23 30, 2027, the Treasurer shall transfer each month from the
24 General Revenue Fund to the Local Government Distributive
25 Fund an amount equal to the sum of: (i) 8.5% of the net
26 revenue realized from the tax imposed by subsections (a)

1 and (b) of Section 201 of this Act upon individuals,
2 trusts, and estates during the preceding month; (ii)
3 9.355% of the net revenue realized from the tax imposed by
4 subsections (a) and (b) of Section 201 of this Act upon
5 corporations during the preceding month; and (iii) 8.5% of
6 the net revenue realized from the tax imposed by
7 subsection (p) of Section 201 of this Act upon electing
8 pass-through entities.

9 (5) Beginning July 1, 2027 and continuing through June
10 30, 2028, the Treasurer shall transfer each month from the
11 General Revenue Fund to the Local Government Distributive
12 Fund an amount equal to the sum of: (i) 9% of the net
13 revenue realized from the tax imposed by subsections (a)
14 and (b) of Section 201 of this Act upon individuals,
15 trusts, and estates during the preceding month; (ii) 9.57%
16 of the net revenue realized from the tax imposed by
17 subsections (a) and (b) of Section 201 of this Act upon
18 corporations during the preceding month; and (iii) 9% of
19 the net revenue realized from the tax imposed by
20 subsection (p) of Section 201 of this Act upon electing
21 pass-through entities.

22 (6) Beginning July 1, 2028 and continuing through June
23 30, 2029, the Treasurer shall transfer each month from the
24 General Revenue Fund to the Local Government Distributive
25 Fund an amount equal to the sum of: (i) 9.5% of the net
26 revenue realized from the tax imposed by subsections (a)

1 and (b) of Section 201 of this Act upon individuals,
2 trusts, and estates during the preceding month; (ii)
3 9.785% of the net revenue realized from the tax imposed by
4 subsections (a) and (b) of Section 201 of this Act upon
5 corporations during the preceding month; and (iii) 9.5% of
6 the net revenue realized from the tax imposed by
7 subsection (p) of Section 201 of this Act upon electing
8 pass-through entities.

9 (7) Beginning on July 1, 2029, the Treasurer shall
10 transfer each month from the General Revenue Fund to the
11 Local Government Distributive Fund an amount equal to: (i)
12 10% of the net revenue realized from the tax imposed on
13 individuals, trusts, estates, and corporations by
14 subsections (a) and (b) of Section 201 of this Act during
15 the preceding month; and (ii) 10% of the net revenue
16 realized from the tax imposed by subsection (p) of Section
17 201 of this Act upon electing pass-through entities.

18 Net revenue realized for a month shall be defined as the
19 revenue from the tax imposed by subsections (a) and (b) of
20 Section 201 of this Act which is deposited into the General
21 Revenue Fund, the Education Assistance Fund, the Income Tax
22 Surcharge Local Government Distributive Fund, the Fund for the
23 Advancement of Education, and the Commitment to Human Services
24 Fund during the month minus the amount paid out of the General
25 Revenue Fund in State warrants during that same month as
26 refunds to taxpayers for overpayment of liability under the

1 tax imposed by subsections (a) and (b) of Section 201 of this
2 Act.

3 Notwithstanding any provision of law to the contrary,
4 beginning on July 6, 2017 (the effective date of Public Act
5 100-23), those amounts required under this subsection (b) to
6 be transferred by the Treasurer into the Local Government
7 Distributive Fund from the General Revenue Fund shall be
8 directly deposited into the Local Government Distributive Fund
9 as the revenue is realized from the tax imposed by subsections
10 (a) and (b) of Section 201 of this Act.

11 (c) Deposits Into Income Tax Refund Fund.

12 (1) Beginning on January 1, 1989 and thereafter, the
13 Department shall deposit a percentage of the amounts
14 collected pursuant to subsections (a) and (b)(1), (2), and
15 (3) of Section 201 of this Act into a fund in the State
16 treasury known as the Income Tax Refund Fund. Beginning
17 with State fiscal year 1990 and for each fiscal year
18 thereafter, the percentage deposited into the Income Tax
19 Refund Fund during a fiscal year shall be the Annual
20 Percentage. For fiscal year 2011, the Annual Percentage
21 shall be 8.75%. For fiscal year 2012, the Annual
22 Percentage shall be 8.75%. For fiscal year 2013, the
23 Annual Percentage shall be 9.75%. For fiscal year 2014,
24 the Annual Percentage shall be 9.5%. For fiscal year 2015,
25 the Annual Percentage shall be 10%. For fiscal year 2018,
26 the Annual Percentage shall be 9.8%. For fiscal year 2019,

1 the Annual Percentage shall be 9.7%. For fiscal year 2020,
2 the Annual Percentage shall be 9.5%. For fiscal year 2021,
3 the Annual Percentage shall be 9%. For fiscal year 2022,
4 the Annual Percentage shall be 9.25%. For fiscal year
5 2023, the Annual Percentage shall be 9.25%. For fiscal
6 year 2024, the Annual Percentage shall be 9.15%. For
7 fiscal year 2025, the Annual Percentage shall be 9.15%.
8 For fiscal year 2026, the Annual Percentage shall be
9 9.15%. For all other fiscal years, the Annual Percentage
10 shall be calculated as a fraction, the numerator of which
11 shall be the amount of refunds approved for payment by the
12 Department during the preceding fiscal year as a result of
13 overpayment of tax liability under subsections (a) and
14 (b) (1), (2), and (3) of Section 201 of this Act plus the
15 amount of such refunds remaining approved but unpaid at
16 the end of the preceding fiscal year, minus the amounts
17 transferred into the Income Tax Refund Fund from the
18 Tobacco Settlement Recovery Fund, and the denominator of
19 which shall be the amounts which will be collected
20 pursuant to subsections (a) and (b) (1), (2), and (3) of
21 Section 201 of this Act during the preceding fiscal year;
22 except that in State fiscal year 2002, the Annual
23 Percentage shall in no event exceed 7.6%. The Director of
24 Revenue shall certify the Annual Percentage to the
25 Comptroller on the last business day of the fiscal year
26 immediately preceding the fiscal year for which it is to

1 be effective.

2 (2) Beginning on January 1, 1989 and thereafter, the
3 Department shall deposit a percentage of the amounts
4 collected pursuant to subsections (a) and (b) (6), (7), and
5 (8), (c) and (d) of Section 201 of this Act into a fund in
6 the State treasury known as the Income Tax Refund Fund.
7 Beginning with State fiscal year 1990 and for each fiscal
8 year thereafter, the percentage deposited into the Income
9 Tax Refund Fund during a fiscal year shall be the Annual
10 Percentage. For fiscal year 2011, the Annual Percentage
11 shall be 17.5%. For fiscal year 2012, the Annual
12 Percentage shall be 17.5%. For fiscal year 2013, the
13 Annual Percentage shall be 14%. For fiscal year 2014, the
14 Annual Percentage shall be 13.4%. For fiscal year 2015,
15 the Annual Percentage shall be 14%. For fiscal year 2018,
16 the Annual Percentage shall be 17.5%. For fiscal year
17 2019, the Annual Percentage shall be 15.5%. For fiscal
18 year 2020, the Annual Percentage shall be 14.25%. For
19 fiscal year 2021, the Annual Percentage shall be 14%. For
20 fiscal year 2022, the Annual Percentage shall be 15%. For
21 fiscal year 2023, the Annual Percentage shall be 14.5%.
22 For fiscal year 2024, the Annual Percentage shall be 14%.
23 For fiscal year 2025, the Annual Percentage shall be 14%.
24 For fiscal year 2026, the Annual Percentage shall be 14%.
25 For all other fiscal years, the Annual Percentage shall be
26 calculated as a fraction, the numerator of which shall be

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

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

21 (d) Expenditures from Income Tax Refund Fund.

22 (1) Beginning January 1, 1989, money in the Income Tax
23 Refund Fund shall be expended exclusively for the purpose
24 of paying refunds resulting from overpayment of tax
25 liability under Section 201 of this Act and for making
26 transfers pursuant to this subsection (d), except that in

1 State fiscal years 2022 and 2023, moneys in the Income Tax
2 Refund Fund shall also be used to pay one-time rebate
3 payments as provided under Sections 208.5 and 212.1.

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

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

23 (4) As soon as possible after the end of each fiscal
24 year, the Director shall order transferred and the State
25 Treasurer and State Comptroller shall transfer from the
26 Personal Property Tax Replacement Fund to the Income Tax

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

9 (4.5) As soon as possible after the end of fiscal year
10 1999 and of each fiscal year thereafter, the Director
11 shall order transferred and the State Treasurer and State
12 Comptroller shall transfer from the Income Tax Refund Fund
13 to the General Revenue Fund any surplus remaining in the
14 Income Tax Refund Fund as of the end of such fiscal year;
15 excluding for fiscal years 2000, 2001, and 2002 amounts
16 attributable to transfers under item (3) of subsection (c)
17 less refunds resulting from the earned income tax credit,
18 and excluding for fiscal year 2022 amounts attributable to
19 transfers from the General Revenue Fund authorized by
20 Public Act 102-700. For purposes of this item (4.5),
21 "surplus" means the cash balance in the Income Tax Refund
22 Fund at the end of such fiscal year, less amounts
23 attributable to transfers under item (3) of this
24 subsection (d).

25 (5) This Act shall constitute an irrevocable and
26 continuing appropriation from the Income Tax Refund Fund

1 for the purposes of (i) paying refunds upon the order of
2 the Director in accordance with the provisions of this
3 Section and (ii) paying one-time rebate payments under
4 Sections 208.5 and 212.1.

5 (e) Deposits into the Education Assistance Fund and the
6 Income Tax Surcharge Local Government Distributive Fund. On
7 July 1, 1991, and thereafter, of the amounts collected
8 pursuant to subsections (a) and (b) of Section 201 of this Act,
9 minus deposits into the Income Tax Refund Fund, the Department
10 shall deposit 7.3% into the Education Assistance Fund in the
11 State treasury ~~Treasury~~. Beginning July 1, 1991, and
12 continuing through January 31, 1993, of the amounts collected
13 pursuant to subsections (a) and (b) of Section 201 of the
14 Illinois Income Tax Act, minus deposits into the Income Tax
15 Refund Fund, the Department shall deposit 3.0% into the Income
16 Tax Surcharge Local Government Distributive Fund in the State
17 treasury ~~Treasury~~. Beginning February 1, 1993 and continuing
18 through June 30, 1993, of the amounts collected pursuant to
19 subsections (a) and (b) of Section 201 of the Illinois Income
20 Tax Act, minus deposits into the Income Tax Refund Fund, the
21 Department shall deposit 4.4% into the Income Tax Surcharge
22 Local Government Distributive Fund in the State treasury
23 ~~Treasury~~. Beginning July 1, 1993, and continuing through June
24 30, 1994, of the amounts collected under subsections (a) and
25 (b) of Section 201 of this Act, minus deposits into the Income
26 Tax Refund Fund, the Department shall deposit 1.475% into the

1 Income Tax Surcharge Local Government Distributive Fund in the
2 State treasury ~~Treasury~~.

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

10 (1) beginning February 1, 2015, and prior to February
11 1, 2025, 1/30; and

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

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

18 (g) Deposits into the Commitment to Human Services Fund.
19 Beginning February 1, 2015, the Department shall deposit the
20 following portions of the revenue realized from the tax
21 imposed upon individuals, trusts, and estates by subsections
22 (a) and (b) of Section 201 of this Act, minus deposits into the
23 Income Tax Refund Fund, into the Commitment to Human Services
24 Fund:

25 (1) beginning February 1, 2015, and prior to February
26 1, 2025, 1/30; and

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

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

7 (h) Deposits into the Tax Compliance and Administration
8 Fund. Beginning on the first day of the first calendar month to
9 occur on or after August 26, 2014 (the effective date of Public
10 Act 98-1098), each month the Department shall pay into the Tax
11 Compliance and Administration Fund, to be used, subject to
12 appropriation, to fund additional auditors and compliance
13 personnel at the Department, an amount equal to 1/12 of 5% of
14 the cash receipts collected during the preceding fiscal year
15 by the Audit Bureau of the Department from the tax imposed by
16 subsections (a), (b), (c), and (d) of Section 201 of this Act,
17 net of deposits into the Income Tax Refund Fund made from those
18 cash receipts.

19 (Source: P.A. 103-8, eff. 6-7-23; 103-154, eff. 6-30-23;
20 103-588, eff. 6-5-24; 104-2, eff. 6-16-25; 104-6, eff.
21 6-16-25; revised 9-10-25.)

22 Section 99. Effective date. This Act takes effect upon
23 becoming law.