

1 AN ACT concerning revenue.

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

4 ARTICLE 5

5 Section 5-1. Short title. This Act may be cited as the
6 Statewide Innovation Development and Economy Act. References
7 in this Article to "this Act" mean this Article.

8 Section 5-5. Purpose; findings.

9 (a) The General Assembly finds and declares that the
10 purpose of this Act is to promote, stimulate, and develop the
11 general and economic welfare of the State of Illinois and its
12 communities and to assist in the development and redevelopment
13 of major tourism, entertainment, retail, and related projects
14 within eligible areas of the State, thereby creating new jobs,
15 stimulating significant capital investment, and promoting the
16 general welfare of the citizens of this State, by authorizing
17 municipalities and counties to issue sales tax and revenue
18 (STAR) bonds for the financing of STAR bond projects, as
19 defined in Section 5-10, and to otherwise exercise the powers
20 and authorities granted to municipalities.

21 (b) The General Assembly further finds and declares that:

22 (1) It is the policy of the State, in the interest of

1 promoting the health, safety, morals, and general welfare
2 of all the people of the State, to provide incentives to
3 create new job opportunities, and to promote major
4 tourism, entertainment, retail, and related projects
5 within the State.

6 (2) It is in the public interest to limit the portion
7 of the aggregate proceeds of STAR bonds issued that are
8 derived from the State sales tax increment pledged to pay
9 STAR bonds in any STAR bond district to not more than 50%
10 of the total development costs for a STAR bond project in
11 the STAR bond district as set forth in subsection (g) of
12 Section 5-45.

13 (3) As a result of the costs of land assemblage,
14 financing, and infrastructure and other project costs, the
15 private sector, without the assistance contemplated in
16 this Act, is unable to develop major tourism,
17 entertainment, retail, and related projects in some parts
18 of the State.

19 (4) The type of projects for which this Act is
20 intended must be of a certain size and scope and must be
21 developed in a cohesive and comprehensive manner.

22 (5) The eligible tracts of land are more likely to
23 remain underused and undeveloped or to be developed in a
24 piecemeal manner resulting in inefficient and poorly
25 planned developments that do not maximize job creation,
26 job retention, and tax revenue generation within the

1 State.

2 (6) There are multiple eligible areas in the State
3 that could benefit from this Act.

4 (7) Investment in major tourism, entertainment,
5 retail, and related development within the State would
6 stimulate economic activity in the State, including the
7 creation and maintenance of jobs, the creation of new and
8 lasting infrastructure and other improvements, and the
9 attraction and retention of interstate tourists and
10 entertainment events that generate significant economic
11 activity.

12 (8) The continual encouragement, development, growth,
13 and expansion of major tourism, entertainment, retail, and
14 related projects within the State requires a cooperative
15 and continuous partnership between government and the
16 private sector.

17 (9) The State has a responsibility to help create a
18 favorable climate for new and improved job opportunities
19 for its citizens and to increase the tax base of the State
20 and its political subdivisions by encouraging development
21 of major retail spaces within the State by the private
22 sector.

23 (10) The provision of additional incentives by the
24 State and its political subdivisions will relieve
25 conditions of unemployment, maintain existing levels of
26 employment, create new job opportunities, retain jobs

1 within the State, increase commerce within the State, and
2 increase the tax base of the State and its political
3 subdivisions.

4 (11) The powers conferred by this Act promote and
5 protect the health, safety, morals, and welfare of the
6 State and are for a public purpose and public use for which
7 public money and resources may be expended.

8 (12) The necessity in the public interest for the
9 provisions of this Act is hereby declared as a matter of
10 legislative determination.

11 Section 5-10. Definitions. In this Act:

12 "Base year" means the calendar year immediately before the
13 calendar year in which the Office of the Governor approves the
14 first STAR bond project within the STAR bond district.

15 "Commence work" means the manifest commencement of actual
16 operations on the development site, such as erecting a
17 building, general on-site and off-site grading and utility
18 installations, commencing design and construction
19 documentation, ordering lead-time materials, excavating the
20 ground to lay a foundation or a basement, or work of like
21 description that a reasonable person would recognize as being
22 done with the intention and purpose to continue work until the
23 project is completed.

24 "Corporate authority" or "corporate authorities" means the
25 county board of a county; the mayor and alderpersons or

1 similar body when the reference is to cities; the president
2 and trustees or similar body when the reference is to villages
3 or incorporated towns; and the council when the reference is
4 to municipalities under the commission form of government.

5 "De minimis amount" means an amount less than 15% of the
6 land area within a STAR bond district.

7 "Department" means the Department of Commerce and Economic
8 Opportunity.

9 "Developer" means any individual, corporation, trust,
10 estate, partnership, limited liability partnership, limited
11 liability company, or other entity. "Developer" does not
12 include a not-for-profit entity, political subdivision, or
13 other agency or instrumentality of the State.

14 "Development user" means an owner, operator, licensee,
15 codeveloper, subdeveloper, or tenant that: (i) operates a
16 business within a STAR bond district that is a retail store,
17 hotel, or entertainment venue; (ii) does not have another
18 Illinois location within a 30-mile radius at the time of
19 opening; and (iii) makes an initial capital investment,
20 including project costs and other direct costs, of not less
21 than \$30,000,000 for the business.

22 "Director" means the Director of Commerce and Economic
23 Opportunity.

24 "Economic development region" means the counties
25 encompassed within any one of the 10 economic development
26 regions recognized by the Department on the effective date of

1 this Act.

2 "Eligible area" means contiguous parcels of real property
3 that meet all of the following: (i) the property is directly
4 and substantially benefited by the proposed STAR bond district
5 plan; (ii) at least 50% of the total land area of the real
6 property is located within an underserved area, as defined by
7 the Department at the time the STAR bond district plan is
8 submitted; (iii) the property is located in an area with not
9 less than 10,000 residents within a 5-mile radius of the
10 proposed district; (iv) the property is located 15 miles or
11 less from either a State highway or federal interstate
12 highway; and (v) the area is found by the governing body of the
13 political subdivision to meet the following requirements:

14 (1) the use, condition, and character of the buildings
15 in the area, if any, are not consistent with the purposes
16 set forth in Section 5-5;

17 (2) a STAR bond district within the area is expected
18 to create or retain job opportunities within the political
19 subdivision;

20 (3) a STAR bond district within the area will serve to
21 further the development of adjacent areas;

22 (4) without the availability of STAR bonds, the
23 projects described in the STAR bond district plan would
24 not be feasible in the area;

25 (5) a STAR bond district will strengthen the
26 commercial sector of the political subdivision;

1 (6) a STAR bond district will enhance the tax base of
2 the political subdivision; and

3 (7) the formation of a STAR bond district is in the
4 best interest of the political subdivision.

5 The findings described in paragraphs (1) through (7) are
6 subject to the review process provided in subsections (e) and
7 (f) of Section 5-20.

8 For the purposes of this definition, the area may be
9 bisected by streets, highways, roads, alleys, railways, bike
10 paths, streams, rivers, and other waterways and still be
11 deemed contiguous.

12 "Entertainment venue" means a business that has a primary
13 use of providing a venue for entertainment attractions, rides,
14 or other activities oriented toward the entertainment and
15 amusement of its patrons.

16 "Feasibility study" means the feasibility study described
17 in subsection (b) of Section 5-30.

18 "Hotel" has the same meaning given to that term in Section
19 2 of the Hotel Operators' Occupation Tax Act.

20 "Infrastructure" means the public improvements and private
21 improvements that serve the public purposes set forth in
22 Section 5-5 of this Act and that benefit the STAR bond district
23 or any STAR bond projects, including, but not limited to,
24 streets, drives and driveways, traffic and directional signs
25 and signals, parking lots and parking facilities,
26 interchanges, highways, sidewalks, bridges, underpasses and

1 overpasses, bike and walking trails, sanitary storm sewers and
2 lift stations, drainage conduits, channels, levees, canals,
3 storm water detention and retention facilities, utilities and
4 utility connections, water mains and extensions, and street
5 and parking lot lighting and connections.

6 "Local sales taxes" means any locally imposed taxes
7 received by a municipality, county, or other local
8 governmental entity arising from sales by retailers and
9 servicemen within a STAR bond district. "Local sales taxes"
10 includes business district sales taxes, taxes imposed under
11 Section 5-50, and that portion of the net revenue allocated
12 from the Local Government Tax Fund and the County and Mass
13 Transit District Fund to the municipality, county, or other
14 governmental entity under the Retailers' Occupation Tax Act,
15 the Use Tax Act, the Service Use Tax Act, and the Service
16 Occupation Tax Act from transactions at places of business
17 located in a STAR bond district. "Local sales taxes" does not
18 include (i) any taxes authorized under the Local Mass Transit
19 District Act or the Metro-East Park and Recreation District
20 Act for so long as the applicable taxing district does not
21 impose a tax on real property, (ii) any county school facility
22 and resources occupation taxes imposed under Section 5-1006.7
23 of the Counties Code, (iii) any taxes authorized under the
24 Flood Prevention District Act, (iv) any taxes authorized under
25 the Special County Occupation Tax For Public Safety, Public
26 Facilities, Mental Health, Substance Abuse, or Transportation

1 Law, (v) any taxes authorized under the Regional
2 Transportation Authority Act, (vi) any taxes authorized under
3 the County Motor Fuel Tax Law, or (vii) any taxes authorized
4 under the Municipal Motor Fuel Tax Law.

5 "Local sales tax increment" means:

6 (1) with respect to local sales taxes administered by
7 a municipality, county, or other unit of local government,
8 that portion of the local sales tax that is in excess of
9 the aggregate local sales tax in the district for the same
10 month in the base year, as determined by the respective
11 municipality, county, or other unit of local government;
12 the Department of Revenue shall allocate the local sales
13 tax increment only if the local sales tax is administered
14 by the Department; and

15 (2) with respect to local sales taxes administered by
16 the Department of Revenue:

17 (A) except with respect to the 0.25% county
18 portion of the 6.25% State rate, all the local sales
19 tax paid by taxpayers in the district that is in excess
20 of the aggregate local sales tax paid by taxpayers in
21 the district for the same month in the base year, as
22 determined by the Department of Revenue; and

23 (B) with respect to the 0.25% county portion of
24 the 6.25% State rate, in the case of a STAR bond
25 district that is partially or wholly within a
26 municipality, that portion of the 0.25% county portion

1 of the 6.25% rate paid by taxpayers in the district for
2 sales made within the corporate limits of the
3 municipality that is in excess of the aggregate local
4 sales tax paid by taxpayers in the district for sales
5 made within the corporate limits of the municipality
6 for the same month in the base year, as determined by
7 the Department of Revenue, but only if the corporate
8 authorities of the county adopt an ordinance, and file
9 a copy of the ordinance with the Department of Revenue
10 within the same time frames as required for STAR bond
11 occupation taxes under Section 5-50, that designates
12 the taxes as part of the local sales tax increment
13 under this Act.

14 "Market study" means a study to determine the ability of
15 the proposed STAR bond project to gain market share locally
16 and regionally and to remain profitable after the term of
17 repayment of STAR bonds.

18 "Master developer" means a developer cooperating with a
19 political subdivision to plan, develop, and implement a STAR
20 bond project plan for a STAR bond district. Subject to the
21 limitations of Section 5-40, the master developer may work
22 with and transfer certain development rights to other
23 developers for the purpose of implementing STAR bond project
24 plans and achieving the purposes of this Act. A master
25 developer for a STAR bond district shall be appointed by a
26 political subdivision in the resolution establishing the STAR

1 bond district, and the master developer or its affiliate must,
2 at the time of appointment, own or have control of, through
3 purchase agreements, option contracts, or other means, not
4 less than 50% of the acreage within the STAR bond district.

5 "Master developer" also means any successor developer who has
6 assumed the role and responsibilities of the original master
7 developer through the execution of an amended master
8 development agreement and has been approved as the master
9 developer through resolution by the applicable political
10 subdivision.

11 "Master development agreement" means an agreement between
12 the master developer (or any approved successor developers)
13 and the political subdivision to govern a STAR bond district
14 and any STAR bond projects.

15 "Municipality" means the city, village, or incorporated
16 town in which a proposed STAR bond district is located.

17 "New Opportunities for Vacation and Adventure District" or
18 "NOVA district" means a STAR bond district that encompasses a
19 minimum of 500 contiguous acres and, during the STAR bond
20 district plan approval process, demonstrates a reasonable
21 expectation of (1) producing a capital investment of at least
22 \$500,000,000, (2) generating not less than \$300,000,000 in
23 annual gross sales, (3) attracting at least 1,000,000 visitors
24 annually, and (4) creating a minimum of 1,500 jobs.

25 "Pledged STAR revenues" means those sales tax revenues and
26 other sources of funds that are pledged to pay debt service on

1 STAR bonds or to pay project costs under Section 5-45.
2 Notwithstanding any provision of law to the contrary, any
3 State sales tax increment or local sales tax increment from a
4 retail entity initiating operations in a STAR bond district
5 while terminating operations at another Illinois location
6 within 25 miles of the STAR bond district shall not constitute
7 pledged STAR revenues or be available to pay principal and
8 interest on STAR bonds. For purposes of this definition,
9 "terminating operations" means a closing of a retail operation
10 that is directly related to the opening of the same operation
11 or like retail entity owned or operated by more than 50% of the
12 original ownership in a STAR bond district within one year
13 before or after initiating operations in the STAR bond
14 district, but it does not mean closing an operation for
15 reasons beyond the control of the retail entity, as documented
16 by the retail entity, subject to a reasonable finding by the
17 municipality (or county if such retail operation is not
18 located within a municipality) in which the terminated
19 operations were located that the closed location contained
20 inadequate space, had become economically obsolete, or was no
21 longer a viable location for the retailer or serviceperson.

22 "Political subdivision" means a municipality or county
23 that undertakes to establish a STAR bond district under the
24 provisions of this Act.

25 "Professional sports" means any of the following sports at
26 the major league level: baseball, basketball, football, or ice

1 hockey.

2 "Project costs" means the total of all costs incurred or
3 estimated to be incurred on or after the date of establishment
4 of a STAR bond district that are reasonable or necessary to
5 implement a STAR bond district plan or any STAR bond project
6 plans, or both, including costs incurred for public
7 improvements and private improvements that serve the public
8 purposes set forth in Section 5-5 of this Act. "Project costs"
9 includes, without limitation:

10 (1) costs of studies, surveys, development of plans
11 and specifications, formation, implementation, and
12 administration of a STAR bond district, STAR bond district
13 plan, any STAR bond projects, or any STAR bond project
14 plans, including, but not limited to, staff and
15 professional service costs for architectural, engineering,
16 legal, financial, planning, or other services; however, no
17 charges for professional services may be based on a
18 percentage of the tax increment collected, and no
19 contracts for professional services, excluding
20 architectural and engineering services, may be entered
21 into if the terms of the contract extend beyond a period of
22 3 years;

23 (2) property assembly costs, including, but not
24 limited to, costs related to:

25 (A) the acquisition of land and other real
26 property or rights or interests in the land or other

1 real property located within the boundaries of a STAR
2 bond district;

3 (B) the demolition of buildings, site preparation,
4 and site improvements that serve as an engineered
5 barrier addressing ground level or below ground
6 environmental contamination, including, but not
7 limited to, parking lots and other concrete or asphalt
8 barriers; and

9 (C) the clearing and grading of land and the
10 importing of additional soil and fill materials or the
11 removal of soil and fill materials from the site;

12 (3) subject to paragraph (6), the costs of buildings
13 and other vertical improvements that are located within
14 the boundaries of a STAR bond district and are owned by a
15 political subdivision or other public entity, including
16 without limitation police and fire stations, educational
17 facilities, and public restrooms and rest areas;

18 (4) costs of buildings and other vertical improvements
19 that are located within: (i) the boundaries of a STAR bond
20 district and are owned by a development user, except that
21 only 4 development users, other than a hotel or
22 entertainment venue, in a STAR bond district and one hotel
23 are eligible to include the cost of those vertical
24 improvements as project costs, or (ii) the boundaries of a
25 NOVA district;

26 (5) costs of the following vertical improvements that

1 are located within (i) the boundaries of a STAR bond
2 district and owned by an entertainment venue, except that
3 only one entertainment venue in a STAR bond district is
4 eligible to include the cost of those vertical
5 improvements as project costs, or (ii) a NOVA district:

6 (A) buildings;

7 (B) rides and attractions, including, but not
8 limited to, carousels, slides, roller coasters,
9 displays, models, towers, works of art, and similar
10 theme and amusement park improvements; and

11 (C) other vertical improvements;

12 (6) costs of the design and construction of
13 infrastructure and public works located within the
14 boundaries of a STAR bond district that are reasonable or
15 necessary to implement a STAR bond district plan or any
16 STAR bond project plans, or both, except that "project
17 costs" does not include the cost of constructing a new
18 municipal public building principally used to provide
19 offices, storage space, or conference facilities or
20 vehicle storage, maintenance, or repair for
21 administrative, public safety, or public works personnel
22 and that is not intended to replace an existing public
23 building unless the political subdivision makes a
24 reasonable determination in a STAR bond district plan or
25 any STAR bond project plans, supported by information that
26 provides the basis for that determination, that the new

1 municipal building is required to meet an increase in the
2 need for public safety purposes anticipated to result from
3 the implementation of the STAR bond district plan or any
4 STAR bond project plans;

5 (7) costs of the design and construction of the
6 following improvements located outside the boundaries of a
7 STAR bond district if the costs are essential to further
8 the purpose and development of a STAR bond district plan
9 and either (i) part of and connected to sewer, water, or
10 utility service lines that physically connect to the STAR
11 bond district or (ii) significant improvements for
12 adjacent off-site highways, streets, roadways, and
13 interchanges that are approved by the Department of
14 Transportation. No other cost of infrastructure and public
15 works improvements located outside the boundaries of a
16 STAR bond district may be deemed project costs;

17 (8) costs of job training and retraining projects for
18 current and future employees of development users,
19 including programs implemented by businesses located
20 within a STAR bond district;

21 (9) financing costs, including, but not limited to,
22 all necessary and incidental expenses related to the
23 issuance of obligations and the payment of interest on any
24 obligations issued under this Act, including interest
25 accruing during the estimated period of construction of
26 any improvements in a STAR bond district or any STAR bond

1 projects for which such obligations are issued and for not
2 exceeding 36 months thereafter and including reasonable
3 reserves related thereto;

4 (10) interest costs incurred by a developer for
5 project costs related to the acquisition, formation,
6 implementation, development, construction, and
7 administration of a STAR bond district, STAR bond district
8 plan, STAR bond projects, or any STAR bond project plans
9 if:

10 (A) payment of the costs in any one year may not
11 exceed 30% of the annual interest costs incurred by
12 the developer with regard to the STAR bond district or
13 any STAR bond projects during that year; and

14 (B) the total of the interest payments paid under
15 this Act may not exceed 30% of the total cost paid or
16 incurred by the developer for a STAR bond district or
17 STAR bond projects, plus project costs, excluding any
18 property assembly costs incurred by a political
19 subdivision under this Act;

20 (11) to the extent the political subdivision by
21 written agreement accepts and approves the same, all or a
22 portion of a taxing district's capital costs resulting
23 from a STAR bond district or STAR bond projects
24 necessarily incurred or to be incurred within a taxing
25 district in furtherance of the objectives of a STAR bond
26 district plan or STAR bond project plans;

1 (12) costs of common areas located within the
2 boundaries of a STAR bond district;

3 (13) costs of landscaping and plantings, retaining
4 walls and fences, artificial lakes and ponds, shelters,
5 benches, lighting, and similar amenities located within
6 the boundaries of a STAR bond district;

7 (14) costs of mounted building signs, site monuments,
8 and pylon signs located within the boundaries of a STAR
9 bond district; or

10 (15) if included in the STAR bond district plan and
11 approved in writing by the Director, salaries or a portion
12 of salaries for local government employees to the extent
13 the same are directly attributable to the work of those
14 employees on the establishment and management of a STAR
15 bond district or any STAR bond project.

16 Except as specified in items (1) through (15) of this
17 definition, "project costs" does not include:

18 (A) the cost of construction of buildings that are
19 owned by a municipality or county and leased to a
20 development user for uses other than as a retail store,
21 hotel, or entertainment venue;

22 (B) moving expenses for employees of the businesses
23 locating within the STAR bond district;

24 (C) property taxes for property located in the STAR
25 bond district;

26 (D) lobbying costs; and

1 (E) general overhead or administrative costs of the
2 political subdivision that would still have been incurred
3 by the political subdivision if the political subdivision
4 had not established a STAR bond district.

5 "Project development agreement" means any one or more
6 agreements, including any amendments to that agreement or
7 those agreements, between a master developer and any
8 codeveloper or subdeveloper in connection with a STAR bond
9 project, which project development agreement may include the
10 political subdivision as a party.

11 "Project labor agreement" means a prehire collective
12 bargaining agreement that covers all terms and conditions of
13 employment between the general contractor and all
14 subcontractors hired by the master developer, developer,
15 codeveloper, or subdeveloper, as applicable, of a STAR bond
16 project. A "project labor agreement" must include the
17 following provisions: (1) a provision establishing the minimum
18 hourly wage for each class of labor organization employee; (2)
19 a provision establishing the benefits and other compensation
20 for each class of labor organization employee; (3) a provision
21 requiring that no strike or dispute will be engaged in by the
22 labor organization employees; (4) a provision requiring that
23 no lockout or dispute will be engaged in by the general
24 contractor and all subcontractors building the project; and
25 (5) a provision establishing goals for apprenticeship hours to
26 be performed by minority persons and women and goals for total

1 hours to be performed by minority persons and women, as those
2 terms are defined in the Business Enterprise for Minorities,
3 Women, and Persons with Disabilities Act. A "project labor
4 agreement" may include other terms and conditions as
5 necessary.

6 "Projected market area" means any area within the State in
7 which a STAR bond district or STAR bond project is projected to
8 have a significant fiscal or market impact as determined by
9 the Director.

10 "Resolution" means a resolution, order, ordinance, or
11 other appropriate form of legislative action of a political
12 subdivision or other applicable public entity approved by a
13 vote of a majority of a quorum at a meeting of the governing
14 body of the political subdivision or applicable public entity.

15 "STAR bond" means a sales tax and revenue bond, note, or
16 other obligation payable from pledged STAR revenues and issued
17 by a political subdivision, the proceeds of which shall be
18 used only to pay project costs as defined in this Act.

19 "STAR bond district" means the specific area that is
20 declared to be an eligible area by the political subdivision,
21 that has received approval by the State, and in which the
22 political subdivision may develop one or more STAR bond
23 projects.

24 "STAR bond district plan" means the preliminary or
25 conceptual plan that generally identifies the proposed STAR
26 bond project areas and identifies in a general manner the

1 buildings, facilities, and improvements to be constructed or
2 improved in each STAR bond project area.

3 "STAR bond project" means a project that is located within
4 a STAR bond district and that is approved under Section 5-30.

5 "STAR bond project area" means the geographic area within
6 a STAR bond district in which there may be one or more STAR
7 bond projects.

8 "STAR bond project plan" means the written plan adopted by
9 a political subdivision for the development of a STAR bond
10 project in a STAR bond district; the plan may include, but is
11 not limited to, (i) project costs incurred prior to the date of
12 the STAR bond project plan and estimated future STAR bond
13 project costs, (ii) proposed sources of funds to pay those
14 costs, (iii) the nature and estimated term of any obligations
15 to be issued by the political subdivision to pay those costs,
16 (iv) the most recent equalized assessed valuation of the STAR
17 bond project area, (v) an estimate of the equalized assessed
18 valuation of the STAR bond district or applicable project area
19 after completion of a STAR bond project, (vi) a general
20 description of the types of any known or proposed developers,
21 users, or tenants of the STAR bond project or projects
22 included in the plan, (vii) a general description of the type,
23 structure, and character of the property or facilities to be
24 developed or improved, (viii) a description of the general
25 land uses to apply to the STAR bond project, and (ix) a general
26 description or an estimate of the type, class, and number of

1 employees to be employed in the operation of the STAR bond
2 project.

3 "State sales tax" means all the net revenue realized under
4 the Retailers' Occupation Tax Act, the Use Tax Act, the
5 Service Use Tax Act, and the Service Occupation Tax Act from
6 transactions at places of business located within a STAR bond
7 district, excluding that portion of the net revenue realized
8 under the Retailers' Occupation Tax Act, the Use Tax Act, the
9 Service Use Tax Act, and the Service Occupation Tax Act from
10 transactions at places of business located within a STAR bond
11 district that is deposited into the Local Government Tax Fund
12 and the County and Mass Transit District Fund.

13 "State sales tax increment" means:

14 (1) with respect to all STAR bond districts that do
15 not qualify as NOVA districts:

16 (A) 100% of that portion of the aggregate State
17 sales tax that is in excess of the aggregate State
18 sales tax for the same month in the base year, as
19 determined by the Department of Revenue, from
20 transactions at up to 4 development users located
21 within a STAR bond district, which development users
22 shall be designated by the master developer and
23 approved by the political subdivision and the Director
24 of Revenue in conjunction with the applicable STAR
25 bond project approval; and

26 (B) 25% of that portion of the aggregate State

1 sales tax that is in excess of the aggregate State
2 sales tax for the same month in the base year, as
3 determined by the Department of Revenue from all other
4 transactions within a STAR bond district; and

5 (2) with respect to all NOVA districts:

6 (A) 100% of that portion of the State sales tax
7 that is in excess of the State sales tax for the same
8 month in the base year, as determined by the
9 Department of Revenue, from transactions at up to 4
10 development users located, which development users
11 shall be designated by the master developer and
12 approved by the political subdivision and the Director
13 of Revenue in conjunction with the applicable STAR
14 bond project approval; and

15 (B) 50% of that portion of the State sales tax that
16 is in excess of the State sales tax for the same month
17 in the base year from all other transactions within
18 the NOVA district.

19 "Substantial change" means a change in which the proposed
20 STAR bond project plan differs substantially in size, scope,
21 or use from the approved STAR bond district plan or STAR bond
22 project plan.

23 "Taxpayer" means an individual, partnership, corporation,
24 limited liability company, trust, estate, or other entity that
25 is subject to the Illinois Income Tax Act.

26 "Total development costs" means the aggregate public and

1 private investment in a STAR bond district, including project
2 costs and other direct and indirect costs related to the
3 development of the STAR bond district.

4 "Underserved area" has the meaning given to that term in
5 Section 5-5 of the Economic Development for a Growing Economy
6 Tax Credit Act.

7 "Vacant" means that portion of the land in a proposed STAR
8 bond district that is not occupied by a building, facility, or
9 other vertical improvement.

10 Section 5-15. Limitations on STAR bond districts and STAR
11 bond projects. The Office of the Governor, in consultation
12 with the Department, the Department of Revenue, and the
13 Governor's Office of Management and Budget, shall have final
14 approval of all STAR bond districts and STAR bond projects
15 established under this Act, which may be established
16 throughout the 10 Economic Development Regions in the State as
17 established by the Department. Regardless of the number of
18 STAR bond districts established within any Economic
19 Development Region: (i) only one STAR bond project may be
20 approved for each Economic Development Region having a
21 population of less than 600,000; (ii) up to 3 STAR bond
22 projects may be approved for each Economic Development Region
23 having a population of between 600,000 and 999,999; and (iii)
24 up to 4 STAR bond projects may be approved for each Economic
25 Development Region having a population of 1,000,000 or more,

1 excluding projects located in STAR bond districts established
2 under the Innovation Development and Economy Act. A STAR bond
3 district under this Act may not be located either entirely or
4 partially inside of a municipality with a population in excess
5 of 2,000,000.

6 A STAR bond project that is not located in a NOVA district
7 may not receive reimbursement from the proceeds of bonds
8 secured by State sales tax increment that exceeds the lesser
9 of (1) 50% of the total development costs or (2) an aggregate
10 amount of \$75,000,000. A STAR bond project that is located in a
11 NOVA district may not receive reimbursement from the proceeds
12 of bonds secured by State sales tax increment that exceeds the
13 lesser of (1) 50% of the total development costs or (2) an
14 aggregate amount of \$800,000,000.

15 Section 5-20. Establishment of STAR bond district.

16 (a) The corporate authorities of a municipality may
17 establish a STAR bond district within an eligible area within
18 the municipality or partially outside the boundaries of the
19 municipality in an unincorporated area of the county. A STAR
20 bond district that is partially outside the boundaries of the
21 municipality must also be approved by the corporate
22 authorities of the county by the passage of a resolution. The
23 corporate authorities of a county may establish a STAR bond
24 district in an eligible area in any unincorporated area of the
25 county.

1 (b) When a political subdivision is interested in
2 establishing a STAR bond district, the political subdivision
3 must first provide notice to the Director of Commerce and
4 Economic Opportunity and the Director of Revenue on or before
5 June 1, 2026 of its intention to establish a STAR bond
6 district. After filing notice, the political subdivision shall
7 determine whether the area satisfies the statutory criteria to
8 establish a STAR bond district consistent with this Act. The
9 corporate authorities of the political subdivision shall adopt
10 a resolution stating that the political subdivision is
11 considering the establishment of a STAR bond district. The
12 resolution shall:

13 (1) give notice, in the same manner as set forth in
14 subsection (e) of Section 5-30, that a public hearing will
15 be held to consider the establishment of a STAR bond
16 district and fix the date, hour, and place of the public
17 hearing, which shall be at a location that is within 20
18 miles of the STAR bond district, in a facility that can
19 accommodate a large crowd, and in a facility that is
20 accessible to persons with disabilities;

21 (2) describe the proposed general boundaries of the
22 STAR bond district;

23 (3) describe the STAR bond district plan;

24 (4) require that a description and map of the proposed
25 STAR bond district are available for inspection at a time
26 and place designated;

1 (5) identify the master developer for the STAR bond
2 district; and

3 (6) require that the corporate authorities consider
4 findings necessary for the establishment of a STAR bond
5 district.

6 (c) Upon the conclusion of the public hearing the
7 corporate authorities of the political subdivision may adopt a
8 resolution to establish the STAR bond district.

9 (1) A resolution to establish a STAR bond district
10 shall:

11 (A) make findings that the proposed STAR bond
12 district is to be developed with a STAR bond project;

13 (B) make findings that the STAR bond district is
14 an eligible area;

15 (C) contain a STAR bond district plan that
16 identifies in a general manner the buildings and
17 facilities that are proposed to be constructed or
18 improved as part of the STAR bond project and that
19 includes plans for at least one development user;

20 (D) contain the legal description of the STAR bond
21 district;

22 (E) appoint the master developer for the STAR bond
23 district, subject to the provisions of Section 5-25,
24 and, if applicable, verify that master developer has a
25 signed project labor agreement for the construction of
26 future improvements within any STAR bond projects;

1 (F) if applicable, make a finding that the STAR
2 bond district plan demonstrates a reasonable
3 expectation that it will meet the acreage, capital
4 investment, sales, and job creation thresholds
5 necessary to qualify as a NOVA district and contains a
6 request for NOVA district designation; and

7 (G) establish the STAR bond district, contingent
8 upon approval of the State as set forth in subsection
9 (e).

10 (2) If the resolution to establish a STAR bond
11 district is not adopted by the political subdivision
12 within 60 days after the conclusion of the public hearing,
13 then the STAR bond district shall not be established.

14 (3) Upon adoption of a resolution to establish a STAR
15 bond district, the political subdivision shall send a
16 certified copy of the resolution to the Director of
17 Commerce and Economic Opportunity, the Director of
18 Revenue, and the Director of the Governor's Office of
19 Management and Budget within 60 days after the adoption of
20 the resolution.

21 (d) Upon adoption of a resolution to establish a STAR bond
22 district, the STAR bond district and any STAR bond project
23 shall be governed by a master development agreement between
24 the political subdivision and the master developer. A STAR
25 bond district that is partially outside the boundaries of a
26 municipality shall require only one master development

1 agreement, which shall be between the municipality and the
2 master developer. In no event shall there be more than one
3 master development agreement governing the terms and
4 conditions of a STAR bond district. The master development
5 agreement shall require the master developer to ensure
6 compliance with the following requirements to reduce the
7 ecological impact of the STAR bond district development: (i)
8 inclusion of pollution prevention, erosion, and sedimentation
9 control plans during construction; (ii) protection of
10 endangered species' habitat and wetlands mitigation; (iii)
11 preservation of at least 20% of the STAR bond district as green
12 space, including lawns, parks, landscaped areas, paths, lakes,
13 ponds, and other water features; (iv) promotion of the use of
14 renewable energy to the extent commercially feasible; (v)
15 implementation of recycling programs during construction and
16 at completed STAR bond projects; (vi) preservation of water
17 quality and promotion of water conservation through the use of
18 techniques such as reusing storm water and landscaping with
19 native and low-maintenance vegetation to reduce the need for
20 irrigation and fertilization; (vii) inclusion of comprehensive
21 lighting programs that reduce light pollution within the STAR
22 bond district; and (viii) promotion of shared parking between
23 different users to reduce the impact on project sites.

24 (e) Upon adoption of a resolution to establish a STAR bond
25 district, the political subdivision shall submit the proposed
26 STAR bond district plan to the Department, the Department of

1 Revenue, and the Governor's Office of Management and Budget
2 for consideration. All proposed STAR bond district plans must
3 be submitted on or before January 1, 2027 for consideration.
4 The Department, the Department of Revenue, and the Governor's
5 Office of Management and Budget shall make a joint
6 recommendation to approve a STAR bond district if the agencies
7 find that: (i) the proposed STAR bond district is an eligible
8 area; (ii) the STAR bond district plan includes a STAR bond
9 project that would entail a projected capital investment of at
10 least \$30,000,000 for a STAR bond district that is not
11 proposed to be designated as a NOVA district or \$500,000,000
12 for a STAR bond district that is proposed to be designated as a
13 NOVA district; (iii) the STAR bond district plan includes a
14 STAR bond project that is reasonably projected to produce at
15 least \$60,000,000 of annual gross sales and at least 300 new
16 jobs or, for a STAR bond district proposed to be designated as
17 a NOVA district, at least \$300,000,000 of annual gross sales
18 and 1,500 new jobs; (iv) the STAR bond district plan includes
19 potential development users; (v) the creation of the STAR bond
20 district and STAR bond district plan are in accordance with
21 the purpose of this Act and the public interest; and (vi) the
22 STAR bond district and STAR bond district plan meet any other
23 requirement that the State deems appropriate. The agencies
24 shall send a copy of their written findings and recommendation
25 for approval or denial of a STAR bond district to the Office of
26 the Governor for review and final action. In the case of any

1 NOVA district, those written findings and recommendations
2 shall be submitted to the Office of the Governor within 60 days
3 following the agencies' receipt of the District Plan proposing
4 the NOVA district.

5 (f) Upon receipt of the written findings and
6 recommendations, the Office of the Governor shall review the
7 submission and issue a final approval or denial of the STAR
8 bond district and send written notice of its approval or
9 denial to the requesting political subdivision and to the
10 agencies. If requested by the political subdivision under
11 paragraph (F) of subsection (c) of this Section, the written
12 notice shall also include a determination as to whether the
13 proposed STAR bond district qualifies for designation as a
14 NOVA district and shall be issued within 30 days after the
15 Office of the Governor receives the written findings of the
16 agencies as provided in subsection (e).

17 (g) Starting on the fifth anniversary of the first date of
18 distribution of State sales tax increment from the approved
19 STAR bond project in the STAR bond district, or, if the project
20 is in a NOVA district, the earlier of (i) the fifteenth
21 anniversary of that date or (ii) the date requested by the
22 master developer, and continuing each anniversary thereafter,
23 the Director shall, in consultation with the political
24 subdivision and the master developer, determine the total
25 number of new jobs created within the STAR bond district, the
26 total development cost to date, and the master developer's

1 compliance with its obligations under any written agreements
2 with the State. If, on the fifth anniversary of the first date
3 of distribution of State sales tax increment from the approved
4 STAR bond project in the STAR bond district, or the earlier of
5 (i) the fifteenth anniversary of that date or (ii) the date
6 requested by the master developer if the project is in a NOVA
7 district, the Director determines that the total development
8 cost to date is not equal to or greater than (i) \$30,000,000 if
9 the project is not in a NOVA district or (ii) \$500,000,000 if
10 the project is in a NOVA district, or that the master developer
11 is in breach of any written agreement with the State, then no
12 new STAR bonds may be issued in the STAR bond district until
13 the total development cost exceeds \$30,000,000 or
14 \$500,000,000, as applicable, or the breach of agreement is
15 cured, or both. If, on the fifth anniversary of the first date
16 of distribution of State sales tax increment from the approved
17 STAR bond project in the STAR bond district, or the earlier of
18 (i) the fifteenth anniversary of that date or (ii) the date
19 requested by the master developer if the project is in a NOVA
20 district, there are not at least (i) 300 new jobs existing in
21 the STAR bond district if the project is not in a NOVA district
22 or (ii) 1,500 new jobs existing in the STAR bond district if
23 the project is in a NOVA district, the State may require the
24 master developer to pay the State a penalty of \$1,500 per job
25 under 300 or 1,500, as applicable, each year until the earlier
26 of (i) the twenty-third anniversary of the first date of

1 distribution of State sales tax increment from the approved
2 STAR bond project in the STAR bond district, (ii) the date that
3 all STAR bonds issued in the STAR bond district have been paid
4 off, or (iii) the date on which at least 300 jobs or 1,500
5 jobs, as applicable, have been created in the STAR bond
6 district. Upon creation of 300 jobs or 1,500 jobs, as
7 applicable, in the STAR bond district, there shall not be an
8 ongoing obligation to maintain those jobs after the fifth
9 anniversary of the first date of distribution of State sales
10 tax increment from the approved STAR bond project in the STAR
11 bond district, and the master developer shall be relieved of
12 any liability with respect to job creation under this
13 subsection. Notwithstanding anything to the contrary in this
14 subsection, the master developer shall not be liable for the
15 penalties set forth in this subsection if the breach of
16 agreement, failure to reach the required amount in total
17 development costs, or failure to create the required number of
18 jobs is due to delays caused by force majeure, as that term is
19 defined in the master development agreement.

20 Section 5-25. Master developer standards. The master
21 developer appointed for the STAR bond district shall meet high
22 standards of creditworthiness and financial strength, as
23 demonstrated by one or more of the following: (i) corporate
24 debenture ratings of BBB or higher by Standard & Poor's
25 Corporation or Baa or higher by Moody's Investors Service,

1 Inc.; (ii) a letter from a financial institution with assets
2 of \$10,000,000 or more attesting to the financial strength of
3 the master developer; or (iii) specific evidence of equity
4 financing for not less than 10% of the estimated total STAR
5 bond project costs.

6 Section 5-30. Approval of STAR bond projects.

7 (a) The corporate authorities of a political subdivision
8 seeking to establish a STAR bond project in an approved STAR
9 bond district must submit a proposed STAR bond project plan to
10 the Department, the Department of Revenue, and the Governor's
11 Office of Management and Budget on or before June 1, 2028. A
12 STAR bond project which is partially outside the boundaries of
13 a municipality must also be approved by the corporate
14 authorities of the county by resolution.

15 After the establishment of a STAR bond district, the
16 master developer may propose a STAR bond project to a
17 political subdivision, and the master developer shall, in
18 cooperation with the political subdivision, prepare a STAR
19 bond project plan in consultation with the planning commission
20 of the political subdivision, if any. The STAR bond project
21 plan may be implemented in separate development stages.

22 (b) Any political subdivision considering a STAR bond
23 project within a STAR bond district shall cause to be prepared
24 an independent feasibility study. The feasibility study shall
25 be prepared by a feasibility consultant approved by the

1 Department. The feasibility consultant shall provide certified
2 copies of the feasibility study to the political subdivision,
3 the Department, the Department of Revenue, and the Governor's
4 Office of Management and Budget. The feasibility study shall
5 include the following:

6 (1) the estimated amount of pledged STAR revenues
7 expected to be collected in each year through the maturity
8 date of the proposed STAR bonds;

9 (2) a statement of how the jobs and taxes obtained
10 from the STAR bond project will contribute significantly
11 to the economic development of the State and region;

12 (3) visitation expectations;

13 (4) the unique quality of the project;

14 (5) an economic impact study;

15 (6) a market study;

16 (7) current and anticipated infrastructure analysis;

17 (8) integration and collaboration with other resources
18 or businesses;

19 (9) the quality of service and experience provided, as
20 measured against national consumer standards for the
21 specific target market;

22 (10) project accountability, measured according to
23 best industry practices;

24 (11) the expected return on State and local investment
25 that the STAR bond project is anticipated to produce; and

26 (12) an anticipated principal and interest payment

1 schedule on the STAR bonds.

2 The feasibility consultant, along with any other
3 consultants commissioned to perform the studies and other
4 analysis required by the feasibility study, shall be selected
5 by the political subdivision but approved by the Department.
6 The consultants shall be retained by the political
7 subdivision. The political subdivision may seek reimbursement
8 from the master developer.

9 The failure to include all information enumerated in this
10 subsection in the feasibility study for a STAR bond project
11 shall not affect the validity of STAR bonds issued under this
12 Act.

13 (c) If the political subdivision determines the STAR bond
14 project is feasible, the STAR bond project plan shall include:

15 (1) a summary of the feasibility study;

16 (2) a reference to the STAR bond district plan that
17 identifies the STAR bond project area that is set forth in
18 the STAR bond project plan that is being considered;

19 (3) a legal description and map of the STAR bond
20 project area to be developed or redeveloped;

21 (4) a description of the buildings and facilities
22 proposed to be constructed or improved in the STAR bond
23 project area, including development users, as applicable;

24 (5) a copy of letters of intent to locate within the
25 STAR bond district signed by both the master developer and
26 the appropriate corporate officer of at least one

1 development user for the STAR bond project proposed within
2 the district;

3 (6) a copy of a project labor agreement entered into
4 by the master developer and a commitment by the master
5 developer, other developers, contractors, and
6 subcontractors to comply with the requirements of Section
7 30-22 of the Illinois Procurement Code as they apply to
8 responsible bidders; and

9 (7) any other information the corporate authorities of
10 the political subdivision deems reasonable and necessary
11 to advise the public of the intent of the STAR bond project
12 plan.

13 (d) Before a political subdivision may hold a public
14 hearing to consider a STAR bond project plan, the political
15 subdivision must apply to the Department, the Department of
16 Revenue, and the Governor's Office of Management and Budget
17 for joint review and recommendation and ultimate approval or
18 denial by the Office of the Governor of the STAR bond project
19 plan. The corporate authorities of a political subdivision
20 seeking to establish a STAR bond project in an approved STAR
21 bond district must submit a proposed STAR bond project plan to
22 the Department, the Department of Revenue, and the Governor's
23 Office of Management and Budget by June 1, 2028 for
24 consideration.

25 An application for approval of a STAR bond project plan
26 must not be approved by the State unless all the components of

1 the feasibility study set forth in paragraphs (1) through (12)
2 of subsection (b) have been completed and submitted for review
3 and recommendation for approval or denial. In addition to
4 reviewing all the other elements of the STAR bond project plan
5 required under subsection (c), which must be included in the
6 application and include a letter of intent as required under
7 paragraph (5) of subsection (c) in order to receive State
8 approval, the Department, the Department of Revenue, and the
9 Governor's Office of Management and Budget must review the
10 feasibility study and consider all the components of the
11 feasibility study set forth in paragraphs (1) through (12) of
12 subsection (b), including, without limitation, the economic
13 impact study and the financial benefit of the proposed STAR
14 bond project to the local, regional, and State economies, the
15 proposed adverse impacts on similar businesses and projects as
16 well as municipalities within the market area, and the net
17 effect of the proposed STAR bond project on the local,
18 regional, and State economies. In addition to the economic
19 impact study, the political subdivision must also submit to
20 the agencies, as part of its application, the financial and
21 other information that substantiates the basis for the
22 conclusion of the economic impact study, in the form and
23 manner as required by the agencies, so that the agencies can
24 verify the results of the study. In addition to any other
25 criteria in this subsection, the State may not approve the
26 STAR bond project plan unless the agencies are satisfied that

1 the proposed development users are, in fact, true development
2 users and find that the STAR bond project plan is in accordance
3 with the purpose of this Act and the public interest. As part
4 of the review, the agencies shall evaluate the conclusions of
5 the feasibility study as it relates to the projected State and
6 local sales tax increments expected to be generated in the
7 STAR bond district. The Department, the Department of Revenue,
8 and the Governor's Office of Management and Budget shall
9 jointly recommend the approval of a STAR bond project plan. In
10 making the recommendation, the agencies shall consider the
11 proximity of a proposed STAR bond project to another proposed
12 or existing STAR bond project. Notwithstanding any other
13 provision of this Act, the Department, the Department of
14 Revenue, and the Governor's Office of Management and Budget
15 shall not approve any STAR bond project plan that includes as
16 part of the plan the development of any facility, stadium,
17 arena, or other structure if: (1) the purpose of the facility,
18 stadium, arena, or other structure is the holding of
19 professional sports contests; or (2) the facility, stadium,
20 arena, or other structure is within a one-mile radius of any
21 structure that is developed on or after the effective date of
22 this Act and has as one of its purposes the holding of
23 professional sports contests. The agencies shall send a copy
24 of their written findings and recommended approval or denial
25 of the STAR bond project plan to the Office of the Governor for
26 final action. Upon receipt of the Director's written findings

1 and recommendation, the Office of the Governor shall issue a
2 final approval or denial of the STAR bond project plan based on
3 the criteria in this subsection and Section 5-15 and send a
4 written approval or denial to the requesting political
5 subdivision. Notwithstanding any other provision of law, for
6 STAR bond districts designated as NOVA districts, the Office
7 of the Governor shall issue a final approval or denial of the
8 STAR bond project plan based on the criteria in this
9 subsection and Section 5-15 and send written approval or
10 denial to the requesting political subdivision within 180 days
11 after the political subdivision applies for approval, as set
12 out in this subsection (d). In granting its approval, the
13 Office of the Governor may require the political subdivision
14 to execute a binding agreement or memorandum of understanding
15 with the State. The terms of the agreement or memorandum may
16 include, among other things, the political subdivision's
17 repayment of the State sales tax increment distributed to it
18 if any violation of the agreement or memorandum or this Act
19 occurs.

20 (e) Upon a finding by the planning and zoning commission
21 of the political subdivision, if any, that the STAR bond
22 project plan is consistent with the intent of the
23 comprehensive plan for the development of the political
24 subdivision and upon issuance of written approval of the STAR
25 bond project plan from the Office of the Governor under
26 subsection (d) of this Section, the corporate authorities of

1 the political subdivision shall adopt a resolution stating
2 that the political subdivision is considering the adoption of
3 the STAR bond project plan. The resolution shall:

4 (1) give notice that a public hearing will be held to
5 consider the adoption of the STAR bond project plan and
6 fix the date, hour, and place of the public hearing;

7 (2) describe the general boundaries of the STAR bond
8 district within which the STAR bond project will be
9 located and the date of establishment of the STAR bond
10 district;

11 (3) describe the general boundaries of the area
12 proposed to be included within the STAR bond project area;

13 (4) provide that the STAR bond project plan and map of
14 the area to be redeveloped or developed are available for
15 inspection during regular office hours in the offices of
16 the political subdivision; and

17 (5) contain a summary of the terms and conditions of
18 any proposed project development agreement with the
19 political subdivision.

20 (f) A public hearing shall be conducted to consider the
21 adoption of any STAR bond project plan.

22 (1) The date fixed for the public hearing to consider
23 the adoption of the STAR bond project plan shall be not
24 less than 20 nor more than 90 days following the date of
25 the adoption of the resolution fixing the date of the
26 hearing.

1 (2) A copy of the political subdivision's resolution
2 providing for the public hearing shall be sent by
3 certified mail, return receipt requested, to the corporate
4 authorities of the county. A copy of the political
5 subdivision's resolution providing for the public hearing
6 shall be sent by certified mail, return receipt requested,
7 to each person or persons in whose name the general taxes
8 for the last preceding year were paid on each parcel of
9 land lying within the proposed STAR bond project area
10 within 10 days following the date of the adoption of the
11 resolution. The resolution shall be published once in a
12 newspaper of general circulation in the political
13 subdivision not less than one week nor more than 3 weeks
14 before the date fixed for the public hearing. A map or
15 aerial photo clearly delineating the area of land proposed
16 to be included within the STAR bond project area shall be
17 published with the resolution.

18 (3) The hearing shall be held at a location that is
19 within 20 miles of the STAR bond district in a facility
20 that can accommodate a large crowd is accessible to
21 persons with disabilities.

22 (4) At the public hearing, a representative of the
23 political subdivision or master developer shall present
24 the STAR bond project plan. Following the presentation of
25 the STAR bond project plan, all interested persons shall
26 be given an opportunity to be heard. The corporate

1 authorities may continue the date and time of the public
2 hearing.

3 (g) Upon conclusion of the public hearing, the governing
4 body of the political subdivision may adopt the STAR bond
5 project plan by a resolution approving the STAR bond project
6 plan.

7 (h) After the adoption by the corporate authorities of the
8 political subdivision of a STAR bond project plan, the
9 political subdivision may enter into a project development
10 agreement if the master developer has requested the political
11 subdivision to be a party to the project development agreement
12 under subsection (b) of Section 5-40.

13 (i) Within 30 days after the adoption by the political
14 subdivision of a STAR bond project plan, the clerk of the
15 political subdivision shall transmit a copy of the legal
16 description of the land and a list of all new and existing
17 mailing addresses within the STAR bond district, a copy of the
18 resolution adopting the STAR bond project plan, and a map or
19 plat indicating the boundaries of the STAR bond project area
20 and STAR bond district to the clerk, treasurer, and governing
21 body of the county and to the Department and Department of
22 Revenue. Within 30 days of creation of any new mailing address
23 within a STAR bond district, the clerk of the political
24 subdivision shall provide written notice of that new address
25 to the Department and the Department of Revenue.

26 If a certified copy of the resolution adopting the STAR

1 bond project plan is filed with the Department of Revenue on or
2 before the first day of April, the Department of Revenue, if
3 all other requirements of this subsection are met, shall
4 proceed to collect and allocate any local sales tax increment
5 and any State sales tax increment in accordance with the
6 provisions of this Act on the first day of July next following
7 the adoption and filing. If a certified copy of the resolution
8 adopting the STAR bond project plan is filed with the
9 Department of Revenue after April 1 but on or before the first
10 day of October, the Department of Revenue, if all other
11 requirements of this subsection are met, shall proceed to
12 collect and allocate any local sales tax increment and any
13 State sales tax increment in accordance with the provisions of
14 this Act as of the first day of January next following the
15 adoption and filing.

16 Any substantial changes to a STAR bond project plan as
17 adopted shall be subject to a public hearing following
18 publication of notice thereof in a newspaper of general
19 circulation in the political subdivision and approval by
20 resolution of the governing body of the political subdivision.

21 The Department of Revenue shall not collect or allocate
22 any local sales tax increment or State sales tax increment
23 until the political subdivision also provides, in the manner
24 prescribed by the Department of Revenue, the boundaries of the
25 STAR bond district and each address in the STAR bond district
26 in such a way that the Department of Revenue can determine by

1 its address whether a business is located in the STAR bond
2 district. The political subdivision must provide this boundary
3 and address information to the Department of Revenue, with a
4 copy to the Department, on or before April 1 for
5 administration and enforcement under this Act by the
6 Department of Revenue beginning on the following July 1 and on
7 or before October 1 for administration and enforcement under
8 this Act by the Department of Revenue beginning on the
9 following January 1. The Department of Revenue shall not
10 administer or enforce any change made to the boundaries of a
11 STAR bond district or any address change, addition, or
12 deletion until the political subdivision reports the boundary
13 change or address change, addition, or deletion to the
14 Department of Revenue, with a copy to the Department, in the
15 manner prescribed by the Department of Revenue. The political
16 subdivision must provide this boundary change or address
17 change, addition, or deletion information to the Department of
18 Revenue, with a copy to the Department, on or before April 1
19 for administration and enforcement by the Department of
20 Revenue of the change, addition, or deletion beginning on the
21 following July 1 and on or before October 1 for administration
22 and enforcement by the Department of Revenue of the change,
23 addition, or deletion beginning on the following January 1. If
24 a retailer is incorrectly included or excluded from the list
25 of those located in the STAR bond district, the Department of
26 Revenue shall be held harmless if the Department reasonably

1 relied on information provided by the political subdivision.

2 (j) Any STAR bond project must be approved by the
3 political subdivision within 23 years after the date of the
4 approval of the STAR bond district; however, any amendments to
5 the STAR bond project may occur following that date.

6 (k) Any developer of a STAR bond project shall commence
7 work on the STAR bond project within 3 years from the date of
8 adoption of the STAR bond project plan. If the developer fails
9 to commence work on the STAR bond project within the 3-year
10 period, funding for the project shall cease and the developer
11 of the project or complex shall have one year to appeal to the
12 political subdivision for a one-time reapproval of the project
13 and funding. If the project is reapproved, the 3-year period
14 for commencement shall begin again on the date of the
15 reapproval. If the project is not reapproved or if the
16 developer again fails to commence work on the STAR bond
17 project within the second 3-year period, the project shall be
18 terminated, and the Department may accept applications for a
19 new STAR bond project in the Economic Development Region.

20 (l) After the adoption of a STAR bond project plan by the
21 corporate authorities of the political subdivision and
22 approval by the Office of the Governor under subsection (d),
23 the political subdivision may authorize the issuance of STAR
24 bonds in one or more series to finance the STAR bond project or
25 pay or reimburse any eligible project cost within the STAR
26 bond district in accordance with the provisions of this Act.

1 (m) Except as otherwise provided in subsection (n), the
2 maximum maturity of STAR bonds issued to finance a STAR bond
3 project shall not exceed 23 years from the first date of
4 distribution of State sales tax increment from the STAR bond
5 project to the political subdivision unless the political
6 subdivision extends that maturity by resolution up to a
7 maximum of 35 years from such first distribution date. Any
8 such extension shall require the approval of the Office of the
9 Governor, upon the recommendation of the Directors. In no
10 event shall the maximum maturity date for any STAR bonds
11 exceed that date which is 35 years from the first distribution
12 date of the first STAR bonds issued in a STAR bond district.

13 (n) The maximum maturity of STAR bonds issued to finance a
14 STAR bond project located within a NOVA district shall not
15 exceed 35 years from the first date of distribution of State
16 sales tax increment from the STAR bond project to the
17 political subdivision.

18 Section 5-35. Approval of STAR bond projects in NOVA
19 districts. Notwithstanding any other provision of this Act, a
20 STAR bond project may be approved within each STAR bond
21 district designated as a NOVA district. Except as otherwise
22 provided in this Act, approval of a NOVA district shall follow
23 the same procedures applicable to STAR bond district approval
24 as provided in Section 5-20, and that designation shall be
25 determined by the Office of the Governor during the STAR bond

1 district approval process. The NOVA district must satisfy the
2 criteria set forth to be considered a NOVA district under
3 Section 5-10. Except as otherwise provided in this Act,
4 establishment of a NOVA district shall be construed to have
5 the same application and effect as a STAR bond district.

6 Section 5-40. Codevelopers and subdevelopers.

7 (a) Upon approval of a STAR bond project by the political
8 subdivision, the master developer may, subject to the approval
9 of the State and the political subdivision, develop the STAR
10 bond project on its own or it may develop the STAR bond project
11 with another developer, which may include an assignment or
12 transfer of development rights.

13 A master developer may sell, lease, or otherwise convey
14 its property interest in the STAR bond project area to a
15 codeveloper or subdeveloper.

16 (b) A master developer may enter into one or more
17 agreements with a codeveloper or subdeveloper in connection
18 with a STAR bond project, and the master developer may request
19 that the political subdivision become a party to the project
20 development agreement, or the master developer may request
21 that the political subdivision amend its master development
22 agreement to provide for certain terms and conditions that may
23 be related to the codeveloper or subdeveloper and the STAR
24 bond project. For any project development agreement to which
25 the political subdivision would be a party or for any

1 amendments to the master development agreement, the terms and
2 conditions must be acceptable to both the master developer and
3 the political subdivision. The Director shall receive a copy
4 of the master development agreement and any amendments.

5 Section 5-45. STAR bonds; source of payment.

6 (a) Any political subdivision shall have the power to
7 issue STAR bonds in one or more series to finance the
8 undertaking of any STAR bond project in accordance with the
9 provisions of this Act and the Omnibus Bond Acts. Any STAR bond
10 project approved under this Act may be completed in one or more
11 phases, and STAR bonds may be issued, in one or more series, to
12 finance any STAR bond project or phase thereof. STAR bonds may
13 be issued as revenue bonds, alternate bonds, or general
14 obligation bonds as defined in and subject to the procedures
15 provided in the Local Government Debt Reform Act.

16 STAR bonds may be made payable, both as to principal and
17 interest, from the following revenues, which, to the extent
18 pledged by each respective political subdivision or other
19 public entity for that purpose, shall constitute pledged STAR
20 revenues:

21 (1) revenues of the political subdivision derived from
22 or held in connection with the undertaking and carrying
23 out of any STAR bond project or projects under this Act;

24 (2) available private funds and contributions, grants,
25 tax credits, or other financial assistance from the State

1 or federal government;

2 (3) any taxes created under Section 5-50 and
3 designated as pledged STAR revenues by the political
4 subdivision;

5 (4) all the local sales tax increment of a
6 municipality, county, or other unit of local government;

7 (5) any special service area taxes collected within
8 the STAR bond district under the Special Service Area Tax
9 Act, which may be used for the purposes of funding project
10 costs or paying debt service on STAR bonds in addition to
11 the purposes contained in the special service area plan;

12 (6) all the State sales tax increment;

13 (7) any other revenues appropriated by the political
14 subdivision; and

15 (8) any combination of these methods.

16 (b) The political subdivision may pledge the pledged STAR
17 revenues to the repayment of STAR bonds before, simultaneously
18 with, or after the issuance of the STAR bonds.

19 (c) Bonds issued as revenue bonds shall not be general
20 obligations of the political subdivision, nor, in any event,
21 shall they give rise to a charge against the political
22 subdivision's general credit or taxing powers or be payable
23 out of any funds or properties other than those set forth in
24 subsection (a). The bonds shall so state on their face.

25 (d) For each STAR bond project financed with STAR bonds
26 payable from the pledged STAR revenues, the political

1 subdivision shall prepare and submit to the Department, the
2 Department of Revenue, the Office of the Governor, and the
3 Governor's Office of Management and Budget by June 1 of each
4 year a report describing the status of the STAR bond project,
5 any expenditures of the proceeds of STAR bonds that have
6 occurred for the preceding calendar year, and any expenditures
7 of the proceeds of the bonds expected to occur in the future,
8 including the amount of pledged STAR revenue, the amount of
9 revenue that has been spent, the projected amount of the
10 revenue, and the anticipated use of the revenue. Each annual
11 report shall be accompanied by an affidavit of the master
12 developer certifying the contents of the report as true to the
13 best of the master developer's knowledge. The Department shall
14 have the right, but not the obligation, to request the Auditor
15 General to review the annual report and the political
16 subdivision's records containing the source information for
17 the report for the purpose of verifying the report's contents.
18 If the Auditor General declines the request for review, the
19 Department shall have the right to select an independent
20 third-party auditor to conduct an audit of the annual report
21 and the political subdivision's records containing the source
22 information for the report. The reasonable cost of the audit
23 shall be paid by the master developer. The master development
24 agreement shall grant the Department and the Auditor General
25 the right to review the records of the political subdivision
26 containing the source information for the report.

1 (e) As soon as possible after the first day of each month,
2 upon certification of the Department of Revenue, the
3 Comptroller shall order transferred and the Treasurer shall
4 transfer, from the General Revenue Fund to the STAR Bonds
5 Revenue Fund, the State sales tax increment for the second
6 preceding month, less 3% of that amount, which shall be
7 transferred into the Tax Compliance and Administration Fund
8 and shall be used by the Department of Revenue, subject to
9 appropriation, to cover the costs of the Department of Revenue
10 in administering this Act. As soon as possible after the first
11 day of each month, upon certification of the Department of
12 Revenue, the Comptroller shall order transferred and the
13 Treasurer shall transfer, from the Local Government Tax Fund
14 to the STAR Bonds Revenue Fund, the local sales tax increment
15 for the second preceding month, as provided in Section 6z-18
16 of the State Finance Act and from the County and Mass Transit
17 District Fund to the STAR Bonds Revenue Fund the local sales
18 tax increment for the second preceding month, as provided in
19 Section 6z-20 of the State Finance Act. On or before the 25th
20 day of each calendar month, the Department of Revenue shall
21 prepare and certify to the Comptroller the disbursement of
22 stated sums of money out of the STAR Bonds Revenue Fund to
23 named municipalities and counties, the municipalities and
24 counties to be those entitled to distribution of taxes or
25 penalties paid to the Department of Revenue during the second
26 preceding calendar month. The amount to be paid to each

1 municipality or county shall be the amount of the State sales
2 tax increment and the local sales tax increment (not including
3 credit memoranda or the amount transferred into the Tax
4 Compliance and Administration Fund) collected during the
5 second preceding calendar month by the Department of Revenue
6 from retailers and servicepersons on transactions at places of
7 business located within a STAR bond district in that
8 municipality or county, plus an amount the Department of
9 Revenue determines is necessary to offset any amounts which
10 were erroneously paid to a different taxing body, and not
11 including an amount equal to the amount of refunds made during
12 the second preceding calendar month by the Department of
13 Revenue, and not including any amount which the Department of
14 Revenue determines is necessary to offset any amounts which
15 are payable to a different taxing body but were erroneously
16 paid to the municipality or county. Within 10 days after
17 receipt by the Comptroller of the disbursement certification
18 to the municipalities and counties, which shall be given to
19 the Comptroller by the Department of Revenue, the Comptroller
20 shall cause the orders to be drawn for the respective amounts
21 in accordance with the directions contained in the
22 certification. When certifying the amount of monthly
23 disbursement to a municipality or county under this
24 subsection, the Department of Revenue shall increase or
25 decrease that amount by an amount necessary to offset any
26 misallocation of previous disbursements. The offset amount

1 shall be the amount erroneously disbursed within the 6 months
2 preceding the time a misallocation is discovered.

3 (f) The corporate authorities of the political subdivision
4 shall deposit the proceeds for the STAR Bonds Revenue Fund
5 into a special fund of the political subdivision called the
6 "[Name of political subdivision] STAR Bond District Revenue
7 Fund" for the purpose of paying or reimbursing STAR bond
8 project costs and obligations incurred in the payment of those
9 costs. If the political subdivision fails to issue STAR bonds
10 within 180 days after the first distribution to the political
11 subdivision from the STAR Bonds Revenue Fund, the Department
12 of Revenue shall cease distribution of the State sales tax
13 increment to the political subdivision, shall transfer any
14 State sales tax increment in the STAR Bonds Revenue Fund to the
15 General Revenue Fund, and shall cease deposits of State sales
16 tax increment amounts into the STAR Bonds Revenue Fund. The
17 political subdivision shall repay all the State sales tax
18 increment distributed to the political subdivision to date,
19 which amounts shall be deposited into the General Revenue
20 Fund. If not repaid within 90 days after notice from the State,
21 the Department of Revenue shall withhold distributions to the
22 political subdivision from the Local Government Tax Fund until
23 the excess amount is repaid, which withheld amounts shall be
24 transferred to the General Revenue Fund. At such time as the
25 political subdivision notifies the Department of Revenue in
26 writing that it has issued STAR Bonds in accordance with this

1 Act and provides the Department with a copy of the political
2 subdivision's official statement, bond purchase agreements,
3 indenture, or other evidence of bond sale, the Department of
4 Revenue shall resume deposits of the State sales tax increment
5 into the STAR Bonds Revenue Fund and distribution of the State
6 sales tax increment to the political subdivision in accordance
7 with this Section.

8 (g) If at any time after the seventh anniversary of the
9 date of distribution of State sales tax increment from a STAR
10 bond project the Auditor General determines that the
11 percentage of the aggregate proceeds of STAR bonds issued to
12 date that is derived from the State sales tax increment has
13 exceeded 50% of the total development costs of that STAR Bonds
14 project, no additional STAR bonds may be issued for that STAR
15 Bonds project until that percentage is reduced to 50% or
16 below. When the percentage has been reduced to 50% or below,
17 the master developer shall have the right, at its own cost, to
18 obtain a new audit prepared by an independent third-party
19 auditor verifying compliance and shall provide such audit to
20 the Auditor General for review and approval. Upon the Auditor
21 General's determination from the audit that the percentage has
22 been reduced to 50% or below, STAR bonds may again be issued
23 for the STAR bond project.

24 Section 5-50. STAR bond occupation taxes.

25 (a) If the corporate authorities of a political

1 subdivision have established a STAR bond district and have
2 elected to impose a tax by ordinance under subsection (b) or
3 (c) of this Section, each year after the date of the adoption
4 of the ordinance and until all STAR bond project costs and all
5 political subdivision obligations financing the STAR bond
6 project costs, if any, have been paid in accordance with the
7 STAR bond project plans, but in no event longer than the
8 maximum maturity date of the last of the STAR bonds issued for
9 projects in the STAR bond district, all amounts generated by
10 the retailers' occupation tax and service occupation tax shall
11 be collected, and the tax shall be enforced, by the Department
12 of Revenue in the same manner as all retailers' occupation
13 taxes and service occupation taxes imposed in the political
14 subdivision imposing the tax. The corporate authorities of the
15 political subdivision shall deposit the proceeds of the taxes
16 imposed under subsections (b) and (c) into either (i) a
17 special fund held by the corporate authorities of the
18 political subdivision called the STAR Bonds Tax Allocation
19 Fund for the purpose of paying STAR bond project costs and
20 obligations incurred in the payment of those costs if such
21 taxes are designated as pledged STAR revenues by resolution or
22 ordinance of the political subdivision or (ii) the political
23 subdivision's general corporate fund if such taxes are not
24 designated as pledged STAR revenues by resolution or
25 ordinance.

26 The tax imposed under this Section by a municipality may

1 be imposed only on the portion of a STAR bond district that is
2 within the boundaries of the municipality. For any part of a
3 STAR bond district that lies outside the boundaries of that
4 municipality, the municipality in which the other part of the
5 STAR bond district lies (or the county, in cases where a
6 portion of the STAR bond district lies in the unincorporated
7 area of a county) is authorized to impose the tax under this
8 Section on that part of the STAR bond district.

9 (b) The corporate authorities of a political subdivision
10 that has established a STAR bond district under this Act may,
11 by ordinance or resolution, impose a STAR Bond Retailers'
12 Occupation Tax upon all persons engaged in the business of
13 selling tangible personal property, other than an item of
14 tangible personal property titled or registered with an agency
15 of this State's government, at retail in the STAR bond
16 district at a rate not to exceed 1% of the gross receipts from
17 the sales made in the course of that business, to be imposed
18 only in 0.25% increments. The tax may not be imposed on
19 tangible personal property taxed at the 1% rate under the
20 Retailers' Occupation Tax Act. The tax may not be imposed on
21 aviation fuel for so long as the revenue use requirements of 49
22 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the
23 political subdivision.

24 The tax imposed under this subsection and all civil
25 penalties that may be assessed as an incident thereof shall be
26 collected and enforced by the Department of Revenue. The

1 certificate of registration that is issued by the Department
2 of Revenue to a retailer under the Retailers' Occupation Tax
3 Act shall permit the retailer to engage in a business that is
4 taxable under any ordinance or resolution enacted under this
5 subsection without registering separately with the Department
6 of Revenue under such ordinance or resolution or under this
7 subsection. The Department of Revenue shall have full power to
8 administer and enforce this subsection, to collect all taxes
9 and penalties due under this subsection in the manner
10 hereinafter provided, and to determine all rights to credit
11 memoranda arising on account of the erroneous payment of tax
12 or penalty under this subsection. In the administration of,
13 and compliance with, this subsection, the Department of
14 Revenue and persons who are subject to this subsection shall
15 have the same rights, remedies, privileges, immunities,
16 powers, and duties, and be subject to the same conditions,
17 restrictions, limitations, penalties, exclusions, exemptions,
18 and definitions of terms and employ the same modes of
19 procedure, as are prescribed in Sections 1, 1a through 1o, 2
20 through 2-65 (in respect to all provisions therein other than
21 the State rate of tax), 2c through 2h, 3 (except as to the
22 disposition of taxes and penalties collected), 4, 5, 5a, 5b,
23 5c, 5d, 5e, 5f, 5g, 5i, 5j, 5k, 5l, 6, 6a, 6b, 6c, 7, 8, 9, 10,
24 11, 12, 13, and 14 of the Retailers' Occupation Tax Act and all
25 provisions of the Uniform Penalty and Interest Act, as fully
26 as if those provisions were set forth herein.

1 If a tax is imposed under this subsection (b), a tax shall
2 also be imposed under subsection (c) of this Section.

3 (c) If a tax has been imposed under subsection (b), a STAR
4 Bond Service Occupation Tax shall also be imposed upon all
5 persons engaged, in the STAR bond district, in the business of
6 making sales of service, who, as an incident to making those
7 sales of service, transfer tangible personal property within
8 the STAR bond district, either in the form of tangible
9 personal property or in the form of real estate as an incident
10 to a sale of service. The service occupation tax shall be
11 imposed upon all persons engaged in the business of making
12 sales of service at the same rate as the tax imposed in
13 subsection (b) of the selling price of tangible personal
14 property transferred within the STAR bond district by such
15 servicemen as an incident to a sale of service and shall not
16 exceed 1% and shall be imposed only in 0.25% increments. The
17 tax may not be imposed on tangible personal property taxed at
18 the 1% rate under the Service Occupation Tax Act. The tax may
19 not be imposed on aviation fuel for so long as the revenue use
20 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are
21 binding on the political subdivision.

22 The tax imposed under this subsection and all civil
23 penalties that may be assessed as an incident thereof shall be
24 collected and enforced by the Department of Revenue. The
25 certificate of registration that is issued by the Department
26 of Revenue to a retailer under the Retailers' Occupation Tax

1 Act or under the Service Occupation Tax Act shall permit the
2 registrant to engage in a business that is taxable under any
3 ordinance or resolution enacted under this subsection without
4 registering separately with the Department of Revenue under
5 that ordinance or resolution or under this subsection. The
6 Department of Revenue shall have full power to administer and
7 enforce this subsection, to collect all taxes and penalties
8 due under this subsection, to dispose of taxes and penalties
9 so collected in the manner provided in this Act, and to
10 determine all rights to credit memoranda arising on account of
11 the erroneous payment of tax or penalty under this subsection.
12 In the administration of, and compliance with this subsection,
13 the Department of Revenue and persons who are subject to this
14 subsection shall have the same rights, remedies, privileges,
15 immunities, powers, and duties, and be subject to the same
16 conditions, restrictions, limitations, penalties, exclusions,
17 exemptions, and definitions of terms and employ the same modes
18 of procedure as are prescribed in Sections 2, 2a through 2d, 3
19 through 3-50 (in respect to all provisions therein other than
20 the State rate of tax), 4 (except that the reference to the
21 State shall be to the STAR bond district), 5, 7, 8 (except that
22 the jurisdiction to which the tax shall be a debt to the extent
23 indicated in that Section 8 shall be the political
24 subdivision), 9 (except as to the disposition of taxes and
25 penalties collected, and except that the returned merchandise
26 credit for this tax may not be taken against any State tax),

1 10, 11, 12 (except the reference therein to Section 2b of the
2 Retailers' Occupation Tax Act), 13 (except that any reference
3 to the State shall mean the political subdivision), the first
4 paragraph of Section 15, and Sections 16, 17, 18, 19 and 20 of
5 the Service Occupation Tax Act and all provisions of the
6 Uniform Penalty and Interest Act, as fully as if those
7 provisions were set forth herein.

8 If a tax is imposed under this subsection (c), a tax shall
9 also be imposed under subsection (b) of this Section.

10 (d) Persons subject to any tax imposed under this Section
11 may reimburse themselves for their seller's tax liability
12 under this Section by separately stating the tax as an
13 additional charge, which charge may be stated in combination,
14 in a single amount, with State taxes that sellers are required
15 to collect under the Use Tax Act, in accordance with such
16 bracket schedules as the Department may prescribe.

17 Whenever the Department of Revenue determines that a
18 refund should be made under this Section to a claimant the
19 Department of Revenue shall not issue a credit memorandum. The
20 Department of Revenue shall notify the State Comptroller, who
21 shall cause the order to be drawn for the amount specified and
22 to the person named in the notification from the Department of
23 Revenue. The refund shall be paid by the State Treasurer out of
24 the STAR Bond Retailers' Occupation Tax Fund.

25 Except as otherwise provided in this subsection, the
26 Department of Revenue shall immediately pay over to the State

1 Treasurer, ex officio, as trustee, all taxes, penalties, and
2 interest collected under this Section for deposit into the
3 STAR Bond Retailers' Occupation Tax Fund. On or before the
4 25th day of each calendar month, the Department of Revenue
5 shall prepare and certify to the Comptroller the disbursement
6 of stated sums of money to named political subdivisions from
7 the STAR Bond Retailers' Occupation Tax Fund, the political
8 subdivisions to be those from which retailers have paid taxes
9 or penalties under this Section to the Department of Revenue
10 during the second preceding calendar month. The amount to be
11 paid to each political subdivision shall be the amount (not
12 including credit memoranda) collected under this Section
13 during the second preceding calendar month by the Department
14 of Revenue plus an amount the Department of Revenue determines
15 is necessary to offset any amounts that were erroneously paid
16 to a different taxing body, and not including an amount equal
17 to the amount of refunds made during the second preceding
18 calendar month by the Department of Revenue, less 3% of that
19 amount, which shall be deposited into the Tax Compliance and
20 Administration Fund and shall be used by the Department of
21 Revenue, subject to appropriation, to cover the costs of the
22 Department of Revenue in administering and enforcing the
23 provisions of this Section, on behalf of such political
24 subdivision, and not including any amount that the Department
25 of Revenue determines is necessary to offset any amounts that
26 were payable to a different taxing body but were erroneously

1 paid to the political subdivision. Within 10 days after
2 receipt by the Comptroller of the disbursement certification
3 to the political subdivisions provided for in this Section to
4 be given to the Comptroller by the Department, the Comptroller
5 shall cause the orders to be drawn for the respective amounts
6 in accordance with the directions contained in the
7 certification. The proceeds of the tax paid to political
8 subdivisions under this Section shall be deposited into either
9 (i) the STAR Bonds Tax Allocation Fund by the political
10 subdivision if the political subdivision has designated them
11 as pledged STAR revenues by resolution or ordinance or (ii)
12 the political subdivision's general corporate fund if the
13 political subdivision has not designated them as pledged STAR
14 revenues.

15 An ordinance or resolution imposing or discontinuing the
16 tax under this Section or effecting a change in the rate
17 thereof shall either (i) be adopted and a certified copy
18 thereof filed with the Department of Revenue on or before the
19 first day of April, whereupon the Department of Revenue, if
20 all other requirements of this Section are met, shall proceed
21 to administer and enforce this Section as of the first day of
22 July next following the adoption and filing; or (ii) be
23 adopted and a certified copy thereof filed with the Department
24 of Revenue on or before the first day of October, whereupon, if
25 all other requirements of this Section are met, the Department
26 of Revenue shall proceed to administer and enforce this

1 Section as of the first day of January next following the
2 adoption and filing.

3 The Department of Revenue shall not administer or enforce
4 an ordinance imposing, discontinuing, or changing the rate of
5 the tax under this Section until the political subdivision
6 also provides, in the manner prescribed by the Department of
7 Revenue, the boundaries of the STAR bond district and each
8 address in the STAR bond district in such a way that the
9 Department of Revenue can determine by its address whether a
10 business is located in the STAR bond district. The political
11 subdivision must provide this boundary and address information
12 to the Department of Revenue on or before April 1 for
13 administration and enforcement of the tax under this Section
14 by the Department of Revenue beginning on the following July 1
15 and on or before October 1 for administration and enforcement
16 of the tax under this Section by the Department of Revenue
17 beginning on the following January 1. The Department of
18 Revenue shall not administer or enforce any change made to the
19 boundaries of a STAR bond district or any address change,
20 addition, or deletion until the political subdivision reports
21 the boundary change or address change, addition, or deletion
22 to the Department of Revenue in the manner prescribed by the
23 Department of Revenue. The political subdivision must provide
24 this boundary change or address change, addition, or deletion
25 information to the Department of Revenue on or before April 1
26 for administration and enforcement by the Department of

1 Revenue of the change, addition, or deletion beginning on the
2 following July 1 and on or before October 1 for administration
3 and enforcement by the Department of Revenue of the change,
4 addition, or deletion beginning on the following January 1.
5 The retailers in the STAR bond district shall be responsible
6 for charging the tax imposed under this Section. If a retailer
7 is incorrectly included or excluded from the list of those
8 required to collect the tax under this Section, both the
9 Department of Revenue and the retailer shall be held harmless
10 if they reasonably relied on information provided by the
11 political subdivision.

12 A political subdivision that imposes the tax under this
13 Section must submit to the Department of Revenue any other
14 information as the Department of Revenue may require that is
15 necessary for the administration and enforcement of the tax.

16 When certifying the amount of a monthly disbursement to a
17 political subdivision under this Section, the Department of
18 Revenue shall increase or decrease the amount by an amount
19 necessary to offset any misallocation of previous
20 disbursements. The offset amount shall be the amount
21 erroneously disbursed within the previous 6 months from the
22 time a misallocation is discovered.

23 Nothing in this Section shall be construed to authorize
24 the political subdivision to impose a tax upon the privilege
25 of engaging in any business which under the Constitution of
26 the United States may not be made the subject of taxation by

1 this State.

2 (e) When STAR bond project costs, including, without
3 limitation, all political subdivision obligations financing
4 STAR bond project costs, have been paid, any surplus funds
5 then remaining in the STAR Bonds Tax Allocation Fund shall be
6 distributed to the treasurer of the political subdivision for
7 deposit into the political subdivision's general corporate
8 fund. Upon payment of all STAR bond project costs and
9 retirement of obligations, but in no event later than the
10 maximum maturity date of the last of the STAR bonds issued in
11 the STAR bond district, the political subdivision shall adopt
12 an ordinance immediately rescinding the taxes imposed under
13 this Section and file a certified copy of the ordinance with
14 the Department of Revenue in the form and manner as described
15 in this Section.

16 Section 5-55. STAR Bonds School Improvement and Operations
17 Trust Fund.

18 (a) Deposits into the STAR Bonds School Improvement and
19 Operations Trust Fund, established under Section 33 of the
20 Innovation Development and Economy Act, shall be made as
21 provided under this Section. Moneys in the Trust Fund shall be
22 used by the Department of Revenue only for the purpose of
23 making payments to regional superintendents of schools to make
24 distributions to school districts in educational service
25 regions that include the STAR bond district. Moneys in the

1 Trust Fund are not subject to appropriation and shall be used
2 solely as provided in this Section. All deposits into the
3 Trust Fund shall be held in the Trust Fund by the State
4 Treasurer as ex officio custodian separate and apart from all
5 public moneys or funds of this State and shall be distributed
6 by the Department of Revenue exclusively for the purposes set
7 forth in this Section. All moneys in the Trust Fund shall be
8 invested and reinvested by the State Treasurer. All interest
9 accruing from these investments shall be deposited into the
10 Trust Fund.

11 (b) Upon approval of a STAR bond district, the political
12 subdivision shall immediately transmit to the county clerk of
13 the county in which the district is located a certified copy of
14 the ordinance creating the district, a legal description of
15 the district, a map of the district, identification of the
16 year that the county clerk shall use for determining the total
17 initial equalized assessed value of the district consistent
18 with subsection (c), and a list of the parcel or tax
19 identification number of each parcel of property included in
20 the district.

21 (c) Upon approval of a STAR bond district, the county
22 clerk immediately thereafter shall determine (i) the most
23 recently ascertained equalized assessed value of each lot,
24 block, tract, or parcel of real property within the STAR bond
25 district, from which shall be deducted the homestead
26 exemptions under Article 15 of the Property Tax Code, which

1 value shall be the initial equalized assessed value of each
2 such piece of property, and (ii) the total equalized assessed
3 value of all taxable real property within the district by
4 adding together the most recently ascertained equalized
5 assessed value of each taxable lot, block, tract, or parcel of
6 real property within the district, from which shall be
7 deducted the homestead exemptions under Article 15 of the
8 Property Tax Code, and shall certify that amount as the total
9 initial equalized assessed value of the taxable real property
10 within the STAR bond district.

11 (d) In reference to any STAR bond district created within
12 any political subdivision, and in respect to which the county
13 clerk has certified the total initial equalized assessed value
14 of the property in the area, the political subdivision may
15 thereafter request the clerk in writing to adjust the initial
16 equalized value of all taxable real property within the STAR
17 bond district by deducting from it the exemptions under
18 Article 15 of the Property Tax Code applicable to each lot,
19 block, tract, or parcel of real property within the STAR bond
20 district. The county clerk shall immediately, after the
21 written request to adjust the total initial equalized value is
22 received, determine the total homestead exemptions in the STAR
23 bond district as provided under Article 15 of the Property Tax
24 Code by adding together the homestead exemptions provided by
25 Article 15 on each lot, block, tract, or parcel of real
26 property within the STAR bond district and then shall deduct

1 the total of the exemptions from the total initial equalized
2 assessed value. The county clerk shall then promptly certify
3 that amount as the total initial equalized assessed value as
4 adjusted of the taxable real property within the STAR bond
5 district.

6 (e) The county clerk or other person authorized by law
7 shall compute the tax rates for each taxing district with all
8 or a portion of its equalized assessed value located in the
9 STAR bond district. The rate per cent of tax determined shall
10 be extended to the current equalized assessed value of all
11 property in the district in the same manner as the rate per
12 cent of tax is extended to all other taxable property in the
13 taxing district.

14 (f) Beginning with the assessment year in which the first
15 development user in the first STAR bond project in a STAR bond
16 district makes its first retail sales and for each assessment
17 year thereafter until final maturity of the last STAR bonds
18 issued in the district, the county clerk or other person
19 authorized by law shall determine the increase in equalized
20 assessed value of all real property within the STAR bond
21 district by subtracting the initial equalized assessed value
22 of all property in the district certified under subsection (c)
23 from the current equalized assessed value of all property in
24 the district. Each year, the property taxes arising from the
25 increase in equalized assessed value in the STAR bond district
26 shall be determined for each taxing district and shall be

1 certified to the county collector.

2 (g) Beginning with the year in which taxes are collected
3 based on the assessment year in which the first development
4 user in the first STAR bond project in a STAR bond district
5 makes its first retail sales and for each year thereafter
6 until final maturity of the last STAR bonds issued in the
7 district, the county collector shall, within 30 days after
8 receipt of property taxes, transmit to the Department of
9 Revenue to be deposited into the STAR Bonds School Improvement
10 and Operations Trust Fund 15% of property taxes attributable
11 to the increase in equalized assessed value within the STAR
12 bond district from each taxing district as certified in
13 subsection (f).

14 (h) The Department of Revenue shall pay to the regional
15 superintendent of schools whose educational service region
16 includes a STAR bond district, for each year for which money is
17 remitted to the Department of Revenue and paid into the STAR
18 Bonds School Improvement and Operations Trust Fund, the money
19 in the Fund as provided in this Section. The amount paid to
20 each school district shall be allocated proportionately by the
21 regional superintendent of schools, based on each qualifying
22 school district's fall enrollment for the then-current school
23 year, such that the school district with the largest fall
24 enrollment receives the largest proportionate share of money
25 paid out of the Fund or by any other method or formula that the
26 regional superintendent of schools deems fit, equitable, and

1 in the public interest. The regional superintendent may
2 allocate moneys to school districts that are outside the
3 regional superintendent's educational service region or to
4 other regional superintendents.

5 The Department of Revenue shall be held harmless for the
6 distributions made under this Section and all distributions
7 shall be final.

8 (i) In any year that an assessment appeal is filed, the
9 extension of taxes on any assessment so appealed shall not be
10 delayed. In the case of an assessment that is altered, any
11 taxes extended upon the unauthorized assessment or part
12 thereof shall be abated, or, if already paid, shall be
13 refunded with interest as provided in Section 23-20 of the
14 Property Tax Code. In the case of an assessment appeal, the
15 county collector shall notify the Department of Revenue that
16 an assessment appeal has been filed and the amount of the tax
17 that would have been deposited into the STAR Bonds School
18 Improvement and Operations Trust Fund. The county collector
19 shall hold that amount in a separate fund until the appeal
20 process is final. After the appeal process is finalized, the
21 county collector shall transmit to the Department of Revenue
22 the amount of tax that remains, if any, after all required
23 refunds are made.

24 (j) In any year that ad valorem taxes are allocated to the
25 STAR Bonds School Improvement and Operations Trust Fund, that
26 allocation shall not reduce or otherwise impact the school aid

1 provided to any school district under the general State school
2 aid formula provided for in Section 18-8.05 of the School Code
3 or the evidence-based funding formula provided for in Section
4 18-8.15 of the School Code.

5 Section 5-60. Alternate bonds and general obligation
6 bonds. A political subdivision shall have the power to issue
7 alternate revenue and other general obligation bonds to
8 finance the undertaking, establishment, or redevelopment of
9 any STAR bond project as provided under the procedures set
10 forth in the Local Government Debt Reform Act. A political
11 subdivision shall have the power to issue general obligation
12 bonds to finance the undertaking, establishment, or
13 redevelopment of any STAR bond project on approval by the
14 voters of the political subdivision of a proposition
15 authorizing the issue of such bonds.

16 The full faith and credit of the State, any department,
17 authority, public corporation or quasi-public corporation of
18 the State, any State college or university, or any other
19 public agency created by the State shall not be pledged for any
20 payment under any obligation authorized by this Act.

21 Section 5-65. Amendments to STAR bond district.

22 (a) Any addition of real property to a STAR bond district
23 or any substantial change to a STAR bond district plan shall be
24 subject to the same procedure for public notice, hearing, and

1 approval, including approval by the Department and the Office
2 of the Governor, as is required for the establishment of the
3 STAR bond district under this Act.

4 The addition or removal of land to or from a STAR bond
5 district shall require the consent of the master developer of
6 the STAR bond district.

7 (b) Any land that is outside of and contiguous to an
8 established STAR bond district and is subsequently owned,
9 leased, or controlled by the master developer shall be added
10 to a STAR bond district at the request of the master developer
11 and by approval of the political subdivision if the land
12 becomes a part of a STAR bond project area.

13 (c) If a political subdivision has undertaken a STAR bond
14 project within a STAR bond district, and the political
15 subdivision desires to subsequently remove more than a de
16 minimis amount of real property from the STAR bond district,
17 then prior to any removal of property the political
18 subdivision must provide a revised feasibility study showing
19 that the pledged STAR revenues from the resulting STAR bond
20 district within which the STAR bond project is located are
21 estimated to be sufficient to pay the project costs. If the
22 revenue from the resulting STAR bond district is insufficient
23 to pay the project costs, then the property may not be removed
24 from the STAR bond district. Any removal of real property from
25 a STAR bond district shall be approved by a resolution of the
26 corporate authorities of the political subdivision.

1 Section 5-70. Restrictions. STAR bond districts may lie
2 within an enterprise zone. During any period of time that STAR
3 bonds are outstanding for a STAR bond district, a developer
4 may not use any land located in the STAR bond district for any
5 retail store whose primary business is the sale of
6 automobiles, including trucks and other automotive vehicles
7 with 4 wheels designed for passenger transportation on public
8 streets and thoroughfares. No STAR bond district may contain
9 more than 900,000 square feet of floor space devoted to
10 traditional retail use, which does not include space devoted
11 to entertainment venues, hotels, warehouse space, storage
12 space, or approved development users.

13 Section 5-75. Reporting taxes.

14 (a) Notwithstanding any other provisions of law to the
15 contrary, the Department of Revenue shall provide a certified
16 report of the State sales tax increment and local sales tax
17 increment from all taxpayers within a STAR bond district to
18 the bond trustee, escrow agent, or paying agent for such bonds
19 upon the written request of the political subdivision on or
20 before the 25th day of each month. Such report shall provide a
21 detailed allocation of State sales tax increment and local
22 sales tax increment from each local sales tax and State sales
23 tax reported to the Department of Revenue.

24 The bond trustee, escrow agent, or paying agent shall keep

1 such sales and use tax reports and the information contained
2 therein confidential, but may use such information for
3 purposes of allocating and depositing the sales and use tax
4 revenues in connection with the bonds used to finance project
5 costs in such STAR bond district. Except as otherwise provided
6 in this Section, the sales and use tax reports received by the
7 bond trustee, escrow agent, or paying agent shall be subject
8 to the confidentiality provisions of Section 11 of the
9 Retailers' Occupation Tax Act.

10 (b) The political subdivision shall determine when the
11 amount of sales tax and other revenues that have been
12 collected and distributed to the bond debt service or reserve
13 fund is sufficient to satisfy all principal and interest costs
14 to the maturity date or dates of any STAR bond issued by a
15 political subdivision to finance a STAR bond project and shall
16 give the Department of Revenue written notice of such
17 determination. The notice shall include a date certain on
18 which deposits into the STAR Bonds Revenue Fund for that STAR
19 bond project shall terminate and shall be provided to the
20 Department of Revenue at least 60 days prior to that date.
21 Thereafter, all sales tax and other revenues shall be
22 collected and distributed in accordance with applicable law.

23 If the political subdivision fails to give timely notice
24 under this subsection (b), the Department of Revenue, upon
25 discovery of this failure, shall cease distribution of the
26 State sales tax increment to the political subdivision, shall

1 transfer any State sales tax increment in the STAR Bonds
2 Revenue Fund to the General Revenue Fund, and shall cease
3 deposits of State sales tax increment amounts into the STAR
4 Bonds Revenue Fund. Any amount of State sales tax increment
5 distributed to the political subdivision from the STAR Bonds
6 Revenue Fund in excess of the amount sufficient to satisfy all
7 principal and interest costs to the maturity date or dates of
8 any STAR bond issued by the political subdivision to finance a
9 STAR bond project shall be repaid to the Department of Revenue
10 and deposited into the General Revenue Fund. If not repaid
11 within 90 days after notice from the State, the Department of
12 Revenue shall withhold distributions to the political
13 subdivision from the Local Government Tax Fund until the
14 excess amount is repaid, which withheld amounts shall be
15 transferred to the General Revenue Fund.

16 Section 5-80. Review committee. Upon the seventh
17 anniversary of the first date of distribution of State sales
18 tax increment from the first STAR bond project in the State
19 under this Act, a 7-member STAR bonds review committee shall
20 be formed consisting of one appointee of each of the Director,
21 the Director of the Governor's Office of Management and
22 Budget, the Director of Revenue, the President of the Senate,
23 the Senate Minority Leader, the Speaker of the House, and the
24 House Minority Leader. The review committee shall evaluate the
25 success of all STAR bond districts then existing in the State

1 and make a determination of the comprehensive economic
2 benefits and detriments of STAR bonds in the State as a whole.
3 In making its determination, the review committee shall
4 examine available data regarding job creation, sales revenues,
5 and capital investment in STAR bond districts; development
6 that has occurred and is planned in areas adjacent to STAR bond
7 districts that will not be directly financed with STAR bonds;
8 effects of market conditions on STAR bond districts and the
9 likelihood of future successes based on improving or declining
10 market conditions; retail sales migration and cannibalization
11 of retail sales due to STAR bond districts; and other relevant
12 economic factors. The review committee shall provide the
13 Director, the Director of the Governor's Office of Management
14 and Budget, the Director of Revenue, the General Assembly, and
15 the Governor with a written report detailing its findings and
16 shall make a final determination of whether STAR bonds have
17 had, and are likely to continue having, a negative or positive
18 economic impact on the State as a whole. Upon completing and
19 filing its written report, the review committee shall be
20 dissolved.

21 Section 5-85. Severability. If any provision of this Act
22 or the application thereof to any persons or circumstances is
23 held invalid, such invalidity shall not affect other
24 provisions or application of the Act that can be given effect
25 without the invalid provisions or application and to this end

1 the provisions of this Act are declared to be severable.

2 Section 5-90. Rules. The Department and the Department of
3 Revenue shall have the authority to adopt such rules as are
4 reasonable and necessary to implement the provisions of this
5 Act. Notwithstanding the foregoing, the Department and the
6 Department of Revenue shall have the authority, prior to
7 adoption and approval of those rules, to consult on and
8 recommend approval of a STAR bond district in accordance with
9 subsection (d) of Section 5-30 and to otherwise administer the
10 Act while those rules are pending adoption and approval.

11 Section 5-95. Open meetings and freedom of information.
12 All public hearings related to the administration, formation,
13 implementation, development, or construction of a STAR bond
14 district, STAR bond district plan, STAR bond project, or STAR
15 bond project plan, including, but not limited to, the public
16 hearings required by Sections 5-20, 5-30, and 5-65 of this
17 Act, shall be held in compliance with the Open Meetings Act.
18 The public hearing records, feasibility study, and other
19 documents that do not otherwise meet a confidentiality
20 exemption shall be subject to disclosure under the Freedom of
21 Information Act.

22 Section 5-100. Powers of political subdivisions. The
23 provisions of this Act are intended to be supplemental and in

1 addition to all other power or authority granted to political
2 subdivisions, shall be construed liberally, and shall not be
3 construed as a limitation of any power or authority otherwise
4 granted. In addition to the powers a political subdivision may
5 have under other provisions of law, a political subdivision
6 shall have all the following powers in connection with a STAR
7 bond district:

8 (1) To make and enter into all contracts necessary or
9 incidental to the implementation and furtherance of a STAR
10 bond district plan.

11 (2) Within a STAR bond district, to acquire by
12 purchase, donation, or lease, and to own, convey, lease,
13 mortgage, or dispose of land and other real or personal
14 property or rights or interests in property and to grant
15 or acquire licenses, easements, and options with respect
16 to property, all in the manner and at a price the political
17 subdivision determines is reasonably necessary to achieve
18 the objectives of the STAR bond project.

19 (3) To clear any area within a STAR bond district by
20 demolition or removal of any existing buildings,
21 structures, fixtures, utilities, or improvements and to
22 clear and grade land.

23 (4) To install, repair, construct, reconstruct, extend
24 or relocate public streets, public utilities, and other
25 public site improvements located both within and outside
26 the boundaries of a STAR bond district that are essential

1 to the preparation of a STAR bond district for use in
2 accordance with a STAR bond district plan.

3 (5) To renovate, rehabilitate, reconstruct, relocate,
4 repair, or remodel any existing buildings, improvements,
5 and fixtures within a STAR bond district.

6 (6) To install or construct any public buildings,
7 structures, works, streets, improvements, utilities, or
8 fixtures within a STAR bond district.

9 (7) To issue STAR bonds as provided in this Act.

10 (8) Subject to the limitations set forth in the
11 definition of "project costs" in Section 5-10 of this Act,
12 to fix, charge, and collect fees, rents, and charges for
13 the use of any building, facility, or property or any
14 portion of a building, facility, or property owned or
15 leased by the political subdivision in furtherance of a
16 STAR bond project under this Act within a STAR bond
17 district.

18 (9) To accept grants, guarantees, donations of
19 property or labor, or any other thing of value for use in
20 connection with a STAR bond project.

21 (10) To pay or cause to be paid STAR bond project
22 costs, including, specifically, to reimburse any developer
23 or nongovernmental person for STAR bond project costs
24 incurred by that person. A political subdivision is not
25 required to obtain any right, title, or interest in any
26 real or personal property in order to pay STAR bond

1 project costs associated with the property. The political
2 subdivision shall adopt accounting procedures necessary to
3 determine that the STAR bond project costs are properly
4 paid.

5 (11) To exercise any and all other powers necessary to
6 effectuate the purposes of this Act.

7 ARTICLE 10

8 Section 10-5. The State Finance Act is amended by changing
9 Section 6z-27 as follows:

10 (30 ILCS 105/6z-27)

11 Sec. 6z-27. All moneys in the Audit Expense Fund shall be
12 transferred, appropriated and used only for the purposes
13 authorized by, and subject to the limitations and conditions
14 prescribed by, the Illinois State Auditing Act.

15 Within 30 days after July 1, 2025, or as soon thereafter as
16 practical, the State Comptroller shall order transferred and
17 the State Treasurer shall transfer from the following funds
18 moneys in the specified amounts for deposit into the Audit
19 Expense Fund:

20 Academic Quality Assurance Fund	\$940
21 African-American HIV/AIDS Response Fund	\$4,266
22 Agricultural Premium Fund	\$169,467
23 Alzheimer's Awareness Fund	\$1,068

1	Alzheimer's Disease Research,	
2	Care, and Support Fund	\$502
3	Amusement Ride and Patron Safety Fund	\$6,888
4	Assisted Living and Shared	
5	Housing Regulatory Fund.....	\$4,011
6	Board of Higher Education State	
7	Contracts and Grants Fund.....	\$13,416
8	Capital Development Board Revolving Fund	\$10,711
9	Care Provider Fund for Persons with	
10	a Developmental Disability	\$9,771
11	CDLIS/AAMVA/NMVTIS Trust Fund.....	\$3,433
12	Chicago State University Education	
13	Improvement Fund	\$15,774
14	Child Labor and Day and Temporary	
15	Labor Services Enforcement Fund.....	\$15,414
16	Child Support Administrative Fund.....	\$3,739
17	Coal Technology Development	
18	Assistance Fund.....	\$3,019
19	Common School Fund	\$246,578
20	Community Mental Health	
21	Medicaid Trust Fund.....	\$10,597
22	Consumer Intervenor Compensation Fund.....	\$1,700
23	Death Certificate Surcharge Fund	\$1,550
24	Death Penalty Abolition Fund	\$2,688
25	Department of Business Services	
26	Special Operations Fund.....	\$10,406

1	Department of Human Services	
2	Community Services Fund.....	\$15,086
3	Dram Shop Fund	\$212,500
4	Driver Services Administration Fund.....	\$937
5	Drug Rebate Fund	\$54,214
6	Drug Treatment Fund.....	\$1,236
7	Education Assistance Fund.....	\$2,193,017
8	Emergency Planning and Training Fund	\$528
9	Emergency Public Health Fund	\$8,769
10	Employee Classification Fund	\$967
11	EMS Assistance Fund.....	\$1,150
12	Estate Tax Refund Fund	\$1,628
13	Facilities Management Revolving Fund	\$35,073
14	Facility Licensing Fund.....	\$6,082
15	Fair and Exposition Fund	\$6,903
16	Federal Financing Cost	
17	Reimbursement Fund	\$7,100
18	Feed Control Fund.....	\$13,874
19	Fertilizer Control Fund.....	\$9,357
20	Fire Prevention Fund	\$4,282
21	General Assembly Technology Fund	\$2,830
22	General Professions Dedicated Fund	\$4,131
23	<u>General Revenue Fund</u>	<u>\$17,653,153</u>
24	Governor's Administrative Fund	\$5,956
25	Governor's Grant Fund.....	\$3,164
26	Grant Accountability and Transparency Fund	\$1,041

1	Guardianship and Advocacy Fund	\$16,432
2	Health Facility Plan Review Fund	\$2,286
3	Health and Human Services	
4	Medicaid Trust Fund.....	\$10,902
5	Healthcare Provider Relief Fund.....	\$321,428
6	Home Care Services Agency Licensure Fund	\$2,843
7	Hospital Licensure Fund.....	\$1,251
8	Hospital Provider Fund	\$99,530
9	Illinois Affordable Housing Trust Fund	\$19,809
10	Illinois Community College Board	
11	Contracts and Grants Fund.....	\$14,687
12	Illinois Health Facilities Planning Fund	\$3,155
13	Illinois Independent Tax Tribunal Fund	\$11,636
14	IMSA Income Fund	\$6,805
15	Illinois School Asbestos Abatement Fund.....	\$1,141
16	Illinois State Fair Fund	\$69,621
17	Illinois Telecommunications Access	
18	Corporation Fund	\$1,546
19	Illinois Underground Utility	
20	Facilities Damage Prevention Fund.....	\$12,035
21	Illinois Veterans' Rehabilitation Fund	\$1,103
22	Illinois Workers' Compensation	
23	Commission Operations Fund	\$241,658
24	Industrial Hemp Regulatory Fund.....	\$1,407
25	Interpreters for the Deaf Fund	\$8,657
26	Lead Poisoning Screening, Prevention,	

1	and Abatement Fund	\$19,789
2	Lobbyist Registration Administration Fund.....	\$843
3	Long Term Care Monitor/Receiver Fund	\$42,485
4	Long-Term Care Provider Fund	\$20,620
5	Low-Level Radioactive Waste Facility	
6	Development and Operation Fund	\$2,402
7	Mandatory Arbitration Fund	\$2,635
8	Mental Health Fund	\$5,353
9	Mental Health Reporting Fund	\$1,226
10	Metabolic Screening and Treatment Fund	\$46,885
11	Monitoring Device Driving Permit	
12	Administration Fee Fund.....	\$1,475
13	Motor Fuel Tax Fund	\$1,068
14	Motor Vehicle License Plate Fund	\$13,927
15	Multiple Sclerosis Research Fund	\$961
16	Nuclear Safety Emergency Preparedness Fund	\$87,774
17	Nursing Dedicated and Professional Fund.....	\$595
18	Partners For Conservation Fund	\$117,108
19	Personal Property Tax Replacement Fund	\$218,128
20	Pesticide Control Fund	\$42,146
21	Plumbing Licensure and Program Fund.....	\$3,672
22	Private Business and Vocational Schools	
23	Quality Assurance Fund	\$867
24	Professional Services Fund	\$90,610
25	Public Defender Fund	\$6,198
26	Public Health Laboratory	

1	Services Revolving Fund.....	\$1,098
2	Public Utility Fund.....	\$282,488
3	Radiation Protection Fund.....	\$37,946
4	Rebuild Illinois Projects Fund	\$58,858
5	Rental Housing Support Program Fund	\$4,083
6	Road Fund.....	\$55,409
7	Secretary Of State DUI Administration Fund	\$2,767
8	Secretary Of State Identification Security	
9	and Theft Prevention Fund.....	\$16,793
10	Secretary Of State Special License Plate Fund	\$3,473
11	Secretary Of State Special Services Fund	\$26,832
12	Securities Audit and Enforcement Fund.....	\$4,889
13	Serve Illinois Commission Fund	\$1,803
14	Special Education Medicaid Matching Fund	\$4,329
15	State Gaming Fund.....	\$1,997
16	State Garage Revolving Fund.....	\$7,501
17	State Lottery Fund	\$311,489
18	State Pensions Fund.....	\$500,000
19	State Treasurer's Bank Services Trust Fund	\$752
20	Supreme Court Special Purposes Fund.....	\$4,184
21	Tattoo and Body Piercing Establishment	
22	Registration Fund.....	\$1,166
23	Tobacco Settlement Recovery Fund	\$143,143
24	Tourism Promotion Fund	\$79,695
25	Transportation Regulatory Fund	\$108,481
26	Trauma Center Fund	\$1,872

1 University Of Illinois Hospital Services Fund \$5,476
2 Vehicle Hijacking and Motor Vehicle Theft Prevention and
3 Insurance Verification Trust Fund \$9,331
4 Vehicle Inspection Fund \$2,786
5 Weights and Measures Fund \$24,640

6 Notwithstanding any provision of the law to the contrary,
7 the General Assembly hereby authorizes the use of such funds
8 for the purposes set forth in this Section.

9 These provisions do not apply to funds classified by the
10 Comptroller as federal trust funds or State trust funds. The
11 Audit Expense Fund may receive transfers from those trust
12 funds only as directed herein, except where prohibited by the
13 terms of the trust fund agreement. The Auditor General shall
14 notify the trustees of those funds of the estimated cost of the
15 audit to be incurred under the Illinois State Auditing Act for
16 the fund. The trustees of those funds shall direct the State
17 Comptroller and Treasurer to transfer the estimated amount to
18 the Audit Expense Fund.

19 The Auditor General may bill entities that are not subject
20 to the above transfer provisions, including private entities,
21 related organizations and entities whose funds are locally
22 held, for the cost of audits, studies, and investigations
23 incurred on their behalf. Any revenues received under this
24 provision shall be deposited into the Audit Expense Fund.

25 In the event that moneys on deposit in any fund are
26 unavailable, by reason of deficiency or any other reason

1 preventing their lawful transfer, the State Comptroller shall
2 order transferred and the State Treasurer shall transfer the
3 amount deficient or otherwise unavailable from the General
4 Revenue Fund for deposit into the Audit Expense Fund.

5 On or before December 1, 1992, and each December 1
6 thereafter, the Auditor General shall notify the Governor's
7 Office of Management and Budget (formerly Bureau of the
8 Budget) of the amount estimated to be necessary to pay for
9 audits, studies, and investigations in accordance with the
10 Illinois State Auditing Act during the next succeeding fiscal
11 year for each State fund for which a transfer or reimbursement
12 is anticipated.

13 Beginning with fiscal year 1994 and during each fiscal
14 year thereafter, the Auditor General may direct the State
15 Comptroller and Treasurer to transfer moneys from funds
16 authorized by the General Assembly for that fund. In the event
17 funds, including federal and State trust funds but excluding
18 the General Revenue Fund, are transferred, during fiscal year
19 1994 and during each fiscal year thereafter, in excess of the
20 amount to pay actual costs attributable to audits, studies,
21 and investigations as permitted or required by the Illinois
22 State Auditing Act or specific action of the General Assembly,
23 the Auditor General shall, on September 30, or as soon
24 thereafter as is practicable, direct the State Comptroller and
25 Treasurer to transfer the excess amount back to the fund from
26 which it was originally transferred.

(Source: P.A. 103-8, eff. 6-7-23; 103-129, eff. 6-30-23;
103-588, eff. 6-5-24; 104-2, eff. 6-16-25.)

Section 10-10. The Illinois Income Tax Act is amended by
changing Sections 201, 203, and 701 as follows:

(35 ILCS 5/201)

Sec. 201. Tax imposed.

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

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

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

(2) In the case of an individual, trust or estate, for
taxable years beginning prior to July 1, 1989 and ending
after June 30, 1989, an amount equal to the sum of (i) 2
1/2% of the taxpayer's net income for the period prior to

1 July 1, 1989, as calculated under Section 202.3, and (ii)
2 3% of the taxpayer's net income for the period after June
3 30, 1989, as calculated under Section 202.3.

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

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

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

19 (5.1) In the case of an individual, trust, or estate,
20 for taxable years beginning prior to January 1, 2015, and
21 ending after December 31, 2014, an amount equal to the sum
22 of (i) 5% of the taxpayer's net income for the period prior
23 to January 1, 2015, as calculated under Section 202.5, and
24 (ii) 3.75% of the taxpayer's net income for the period
25 after December 31, 2014, as calculated under Section
26 202.5.

1 (5.2) In the case of an individual, trust, or estate,
2 for taxable years beginning on or after January 1, 2015,
3 and ending prior to July 1, 2017, an amount equal to 3.75%
4 of the taxpayer's net income for the taxable year.

5 (5.3) In the case of an individual, trust, or estate,
6 for taxable years beginning prior to July 1, 2017, and
7 ending after June 30, 2017, an amount equal to the sum of
8 (i) 3.75% of the taxpayer's net income for the period
9 prior to July 1, 2017, as calculated under Section 202.5,
10 and (ii) 4.95% of the taxpayer's net income for the period
11 after June 30, 2017, as calculated under Section 202.5.

12 (5.4) In the case of an individual, trust, or estate,
13 for taxable years beginning on or after July 1, 2017, an
14 amount equal to 4.95% of the taxpayer's net income for the
15 taxable year.

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

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

26 (8) In the case of a corporation, for taxable years

beginning after June 30, 1989, and ending prior to January 1, 2011, an amount equal to 4.8% of the taxpayer's net income for the taxable year.

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

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

(11) In the case of a corporation, for taxable years beginning prior to January 1, 2015, and ending after December 31, 2014, an amount equal to the sum of (i) 7% of the taxpayer's net income for the period prior to January 1, 2015, as calculated under Section 202.5, and (ii) 5.25% of the taxpayer's net income for the period after December 31, 2014, as calculated under Section 202.5.

(12) In the case of a corporation, for taxable years beginning on or after January 1, 2015, and ending prior to July 1, 2017, an amount equal to 5.25% of the taxpayer's net income for the taxable year.

(13) In the case of a corporation, for taxable years

beginning prior to July 1, 2017, and ending after June 30, 2017, an amount equal to the sum of (i) 5.25% of the taxpayer's net income for the period prior to July 1, 2017, as calculated under Section 202.5, and (ii) 7% of the taxpayer's net income for the period after June 30, 2017, as calculated under Section 202.5.

(14) In the case of a corporation, for taxable years beginning on or after July 1, 2017, an amount equal to 7% of the taxpayer's net income for the taxable year.

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

(b-5) Surcharge; sale or exchange of assets, properties, and intangibles of organization gaming licensees. For each of taxable years 2019 through 2027, a surcharge is imposed on all taxpayers on income arising from the sale or exchange of capital assets, depreciable business property, real property used in the trade or business, and Section 197 intangibles (i) of an organization licensee under the Illinois Horse Racing Act of 1975 and (ii) of an organization gaming licensee under the Illinois Gambling Act. The amount of the surcharge is equal to the amount of federal income tax liability for the taxable year attributable to those sales and exchanges. The surcharge imposed shall not apply if:

(1) the organization gaming license, organization license, or racetrack property is transferred as a result of any of the following:

1 (A) bankruptcy, a receivership, or a debt
2 adjustment initiated by or against the initial
3 licensee or the substantial owners of the initial
4 licensee;

5 (B) cancellation, revocation, or termination of
6 any such license by the Illinois Gaming Board or the
7 Illinois Racing Board;

8 (C) a determination by the Illinois Gaming Board
9 that transfer of the license is in the best interests
10 of Illinois gaming;

11 (D) the death of an owner of the equity interest in
12 a licensee;

13 (E) the acquisition of a controlling interest in
14 the stock or substantially all of the assets of a
15 publicly traded company;

16 (F) a transfer by a parent company to a wholly
17 owned subsidiary; or

18 (G) the transfer or sale to or by one person to
19 another person where both persons were initial owners
20 of the license when the license was issued; or

21 (2) the controlling interest in the organization
22 gaming license, organization license, or racetrack
23 property is transferred in a transaction to lineal
24 descendants in which no gain or loss is recognized or as a
25 result of a transaction in accordance with Section 351 of
26 the Internal Revenue Code in which no gain or loss is

1 recognized; or

2 (3) live horse racing was not conducted in 2010 at a
3 racetrack located within 3 miles of the Mississippi River
4 under a license issued pursuant to the Illinois Horse
5 Racing Act of 1975.

6 The transfer of an organization gaming license,
7 organization license, or racetrack property by a person other
8 than the initial licensee to receive the organization gaming
9 license is not subject to a surcharge. The Department shall
10 adopt rules necessary to implement and administer this
11 subsection.

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

25 (d) Additional Personal Property Tax Replacement Income
26 Tax Rates. The personal property tax replacement income tax

1 imposed by this subsection and subsection (c) of this Section
2 in the case of a corporation, other than a Subchapter S
3 corporation and except as adjusted by subsection (d-1), shall
4 be an additional amount equal to 2.85% of such taxpayer's net
5 income for the taxable year, except that beginning on January
6 1, 1981, and thereafter, the rate of 2.85% specified in this
7 subsection shall be reduced to 2.5%, and in the case of a
8 partnership, trust or a Subchapter S corporation shall be an
9 additional amount equal to 1.5% of such taxpayer's net income
10 for the taxable year.

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

1 the taxable year by such foreign insurer's state or country of
2 domicile if that net income were subject to all income taxes
3 and taxes measured by net income imposed by such foreign
4 insurer's state or country of domicile, net of all credits
5 allowed or (ii) a rate of zero if no such tax is imposed on
6 such income by the foreign insurer's state of domicile. For
7 the purposes of this subsection (d-1), an inter-affiliate
8 includes a mutual insurer under common management.

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

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

15 (B) the privilege tax imposed by Section 409 of
16 the Illinois Insurance Code, the fire insurance
17 company tax imposed by Section 12 of the Fire
18 Investigation Act, and the fire department taxes
19 imposed under Section 11-10-1 of the Illinois
20 Municipal Code,

21 equals 1.25% for taxable years ending prior to December
22 31, 2003, or 1.75% for taxable years ending on or after
23 December 31, 2003, of the net taxable premiums written for
24 the taxable year, as described by subsection (1) of
25 Section 409 of the Illinois Insurance Code. This paragraph
26 will in no event increase the rates imposed under

1 subsections (b) and (d).

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

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

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

14 (1) A taxpayer shall be allowed a credit equal to .5%
15 of the basis of qualified property placed in service
16 during the taxable year, provided such property is placed
17 in service on or after July 1, 1984. There shall be allowed
18 an additional credit equal to .5% of the basis of
19 qualified property placed in service during the taxable
20 year, provided such property is placed in service on or
21 after July 1, 1986, and the taxpayer's base employment
22 within Illinois has increased by 1% or more over the
23 preceding year as determined by the taxpayer's employment
24 records filed with the Illinois Department of Employment
25 Security. Taxpayers who are new to Illinois shall be
26 deemed to have met the 1% growth in base employment for the

1 first year in which they file employment records with the
2 Illinois Department of Employment Security. The provisions
3 added to this Section by Public Act 85-1200 (and restored
4 by Public Act 87-895) shall be construed as declaratory of
5 existing law and not as a new enactment. If, in any year,
6 the increase in base employment within Illinois over the
7 preceding year is less than 1%, the additional credit
8 shall be limited to that percentage times a fraction, the
9 numerator of which is .5% and the denominator of which is
10 1%, but shall not exceed .5%. The investment credit shall
11 not be allowed to the extent that it would reduce a
12 taxpayer's liability in any tax year below zero, nor may
13 any credit for qualified property be allowed for any year
14 other than the year in which the property was placed in
15 service in Illinois. For tax years ending on or after
16 December 31, 1987, and on or before December 31, 1988, the
17 credit shall be allowed for the tax year in which the
18 property is placed in service, or, if the amount of the
19 credit exceeds the tax liability for that year, whether it
20 exceeds the original liability or the liability as later
21 amended, such excess may be carried forward and applied to
22 the tax liability of the 5 taxable years following the
23 excess credit years if the taxpayer (i) makes investments
24 which cause the creation of a minimum of 2,000 full-time
25 equivalent jobs in Illinois, (ii) is located in an
26 enterprise zone established pursuant to the Illinois

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

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

22 (A) is tangible, whether new or used, including
23 buildings and structural components of buildings and
24 signs that are real property, but not including land
25 or improvements to real property that are not a
26 structural component of a building such as

1 landscaping, sewer lines, local access roads, fencing,
2 parking lots, and other appurtenances;

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

8 (C) is acquired by purchase as defined in Section
9 179(d) of the Internal Revenue Code;

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

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

20 (3) For purposes of this subsection (e),
21 "manufacturing" means the material staging and production
22 of tangible personal property by procedures commonly
23 regarded as manufacturing, processing, fabrication, or
24 assembling which changes some existing material into new
25 shapes, new qualities, or new combinations. For purposes
26 of this subsection (e) the term "mining" shall have the

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

13 (4) The basis of qualified property shall be the basis
14 used to compute the depreciation deduction for federal
15 income tax purposes.

16 (5) If the basis of the property for federal income
17 tax depreciation purposes is increased after it has been
18 placed in service in Illinois by the taxpayer, the amount
19 of such increase shall be deemed property placed in
20 service on the date of such increase in basis.

21 (6) The term "placed in service" shall have the same
22 meaning as under Section 46 of the Internal Revenue Code.

23 (7) If during any taxable year, any property ceases to
24 be qualified property in the hands of the taxpayer within
25 48 months after being placed in service, or the situs of
26 any qualified property is moved outside Illinois within 48

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

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

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

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

9 For taxable years ending on or after December 31,
10 2000, a partner that qualifies its partnership for a
11 subtraction under subparagraph (I) of paragraph (2) of
12 subsection (d) of Section 203 or a shareholder that
13 qualifies a Subchapter S corporation for a subtraction
14 under subparagraph (S) of paragraph (2) of subsection (b)
15 of Section 203 shall be allowed a credit under this
16 subsection (e) equal to its share of the credit earned
17 under this subsection (e) during the taxable year by the
18 partnership or Subchapter S corporation, determined in
19 accordance with the determination of income and
20 distributive share of income under Sections 702 and 704
21 and Subchapter S of the Internal Revenue Code. This
22 paragraph is exempt from the provisions of Section 250.

23 (f) Investment credit; Enterprise Zone; River Edge
24 Redevelopment Zone.

25 (1) A taxpayer shall be allowed a credit against the
26 tax imposed by subsections (a) and (b) of this Section for

1 investment in qualified property which is placed in
2 service in an Enterprise Zone created pursuant to the
3 Illinois Enterprise Zone Act or, for property placed in
4 service on or after July 1, 2006, a River Edge
5 Redevelopment Zone established pursuant to the River Edge
6 Redevelopment Zone Act. For partners, shareholders of
7 Subchapter S corporations, and owners of limited liability
8 companies, if the liability company is treated as a
9 partnership for purposes of federal and State income
10 taxation, for taxable years ending before December 31,
11 2023, there shall be allowed a credit under this
12 subsection (f) to be determined in accordance with the
13 determination of income and distributive share of income
14 under Sections 702 and 704 and Subchapter S of the
15 Internal Revenue Code. For taxable years ending on or
16 after December 31, 2023, for partners and shareholders of
17 Subchapter S corporations, the provisions of Section 251
18 shall apply with respect to the credit under this
19 subsection. The credit shall be .5% of the basis for such
20 property. The credit shall be available only in the
21 taxable year in which the property is placed in service in
22 the Enterprise Zone or River Edge Redevelopment Zone and
23 shall not be allowed to the extent that it would reduce a
24 taxpayer's liability for the tax imposed by subsections
25 (a) and (b) of this Section to below zero. For tax years
26 ending on or after December 31, 1985, the credit shall be

1 allowed for the tax year in which the property is placed in
2 service, or, if the amount of the credit exceeds the tax
3 liability for that year, whether it exceeds the original
4 liability or the liability as later amended, such excess
5 may be carried forward and applied to the tax liability of
6 the 5 taxable years following the excess credit year. The
7 credit shall be applied to the earliest year for which
8 there is a liability. If there is credit from more than one
9 tax year that is available to offset a liability, the
10 credit accruing first in time shall be applied first.

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

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

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

19 (C) is acquired by purchase as defined in Section
20 179(d) of the Internal Revenue Code;

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

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

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

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

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

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

1 from a redetermination of the purchase price shall be
2 deemed a disposition of qualified property to the extent
3 of such reduction.

4 (7) There shall be allowed an additional credit equal
5 to 0.5% of the basis of qualified property placed in
6 service during the taxable year in a River Edge
7 Redevelopment Zone, provided such property is placed in
8 service on or after July 1, 2006, and the taxpayer's base
9 employment within Illinois has increased by 1% or more
10 over the preceding year as determined by the taxpayer's
11 employment records filed with the Illinois Department of
12 Employment Security. Taxpayers who are new to Illinois
13 shall be deemed to have met the 1% growth in base
14 employment for the first year in which they file
15 employment records with the Illinois Department of
16 Employment Security. If, in any year, the increase in base
17 employment within Illinois over the preceding year is less
18 than 1%, the additional credit shall be limited to that
19 percentage times a fraction, the numerator of which is
20 0.5% and the denominator of which is 1%, but shall not
21 exceed 0.5%.

22 (8) For taxable years beginning on or after January 1,
23 2021, there shall be allowed an Enterprise Zone
24 construction jobs credit against the taxes imposed under
25 subsections (a) and (b) of this Section as provided in
26 Section 13 of the Illinois Enterprise Zone Act.

1 The credit or credits may not reduce the taxpayer's
2 liability to less than zero. If the amount of the credit or
3 credits exceeds the taxpayer's liability, the excess may
4 be carried forward and applied against the taxpayer's
5 liability in succeeding calendar years in the same manner
6 provided under paragraph (4) of Section 211 of this Act.
7 The credit or credits shall be applied to the earliest
8 year for which there is a tax liability. If there are
9 credits from more than one taxable year that are available
10 to offset a liability, the earlier credit shall be applied
11 first.

12 For partners, shareholders of Subchapter S
13 corporations, and owners of limited liability companies,
14 if the liability company is treated as a partnership for
15 the purposes of federal and State income taxation, for
16 taxable years ending before December 31, 2023, there shall
17 be allowed a credit under this Section to be determined in
18 accordance with the determination of income and
19 distributive share of income under Sections 702 and 704
20 and Subchapter S of the Internal Revenue Code. For taxable
21 years ending on or after December 31, 2023, for partners
22 and shareholders of Subchapter S corporations, the
23 provisions of Section 251 shall apply with respect to the
24 credit under this subsection.

25 The total aggregate amount of credits awarded under
26 the Blue Collar Jobs Act (Article 20 of Public Act 101-9)

1 shall not exceed \$20,000,000 in any State fiscal year.

2 This paragraph (8) is exempt from the provisions of
3 Section 250.

4 (g) (Blank).

5 (h) Investment credit; High Impact Business.

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

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

20 Changes made in this subdivision (h)(1) by Public Act
21 88-670 restore changes made by Public Act 85-1182 and
22 reflect existing law.

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

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

26 (B) is depreciable pursuant to Section 167 of the

1 Internal Revenue Code, except that "3-year property"
2 as defined in Section 168(c)(2)(A) of that Code is not
3 eligible for the credit provided by this subsection
4 (h);

5 (C) is acquired by purchase as defined in Section
6 179(d) of the Internal Revenue Code; and

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

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

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

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

21 (6) If during any taxable year ending on or before
22 December 31, 1996, any property ceases to be qualified
23 property in the hands of the taxpayer within 48 months
24 after being placed in service, or the situs of any
25 qualified property is moved outside Illinois within 48
26 months after being placed in service, the tax imposed

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

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

23 (h-5) High Impact Business construction jobs credit. For
24 taxable years beginning on or after January 1, 2021, there
25 shall also be allowed a High Impact Business construction jobs
26 credit against the tax imposed under subsections (a) and (b)

1 of this Section as provided in subsections (i) and (j) of
2 Section 5.5 of the Illinois Enterprise Zone Act.

3 The credit or credits may not reduce the taxpayer's
4 liability to less than zero. If the amount of the credit or
5 credits exceeds the taxpayer's liability, the excess may be
6 carried forward and applied against the taxpayer's liability
7 in succeeding calendar years in the manner provided under
8 paragraph (4) of Section 211 of this Act. The credit or credits
9 shall be applied to the earliest year for which there is a tax
10 liability. If there are credits from more than one taxable
11 year that are available to offset a liability, the earlier
12 credit shall be applied first.

13 For partners, shareholders of Subchapter S corporations,
14 and owners of limited liability companies, for taxable years
15 ending before December 31, 2023, if the liability company is
16 treated as a partnership for the purposes of federal and State
17 income taxation, there shall be allowed a credit under this
18 Section to be determined in accordance with the determination
19 of income and distributive share of income under Sections 702
20 and 704 and Subchapter S of the Internal Revenue Code. For
21 taxable years ending on or after December 31, 2023, for
22 partners and shareholders of Subchapter S corporations, the
23 provisions of Section 251 shall apply with respect to the
24 credit under this subsection.

25 The total aggregate amount of credits awarded under the
26 Blue Collar Jobs Act (Article 20 of Public Act 101-9) shall not

1 exceed \$20,000,000 in any State fiscal year.

2 This subsection (h-5) is exempt from the provisions of
3 Section 250.

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

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

1 subsection shall be applied first.

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

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

1 for taxable years ending before December 31, 2023, there shall
2 be allowed a credit under this subsection (j) to be determined
3 in accordance with the determination of income and
4 distributive share of income under Sections 702 and 704 and
5 subchapter S of the Internal Revenue Code. For taxable years
6 ending on or after December 31, 2023, for partners and
7 shareholders of Subchapter S corporations, the provisions of
8 Section 251 shall apply with respect to the credit under this
9 subsection.

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

20 (k) Research and development credit. For tax years ending
21 after July 1, 1990 and prior to December 31, 2003, and
22 beginning again for tax years ending on or after December 31,
23 2004, and ending prior to January 1, 2032, a taxpayer shall be
24 allowed a credit against the tax imposed by subsections (a)
25 and (b) of this Section for increasing research activities in
26 this State. The credit allowed against the tax imposed by

1 subsections (a) and (b) shall be equal to 6 1/2% of the
2 qualifying expenditures for increasing research activities in
3 this State. For partners, shareholders of subchapter S
4 corporations, and owners of limited liability companies, if
5 the liability company is treated as a partnership for purposes
6 of federal and State income taxation, for taxable years ending
7 before December 31, 2023, there shall be allowed a credit
8 under this subsection to be determined in accordance with the
9 determination of income and distributive share of income under
10 Sections 702 and 704 and subchapter S of the Internal Revenue
11 Code. For taxable years ending on or after December 31, 2023,
12 for partners and shareholders of Subchapter S corporations,
13 the provisions of Section 251 shall apply with respect to the
14 credit under this subsection.

15 For purposes of this subsection, "qualifying expenditures"
16 means the qualifying expenditures as defined for the federal
17 credit for increasing research activities which would be
18 allowable under Section 41 of the Internal Revenue Code and
19 which are conducted in this State, "qualifying expenditures
20 for increasing research activities in this State" means the
21 excess of qualifying expenditures for the taxable year in
22 which incurred over qualifying expenditures for the base
23 period, "qualifying expenditures for the base period" means
24 the average of the qualifying expenditures for each year in
25 the base period, and "base period" means the 3 taxable years
26 immediately preceding the taxable year for which the

1 determination is being made.

2 Any credit in excess of the tax liability for the taxable
3 year may be carried forward. A taxpayer may elect to have the
4 unused credit shown on its final completed return carried over
5 as a credit against the tax liability for the following 5
6 taxable years or until it has been fully used, whichever
7 occurs first; provided that no credit earned in a tax year
8 ending prior to December 31, 2003 may be carried forward to any
9 year ending on or after December 31, 2003.

10 If an unused credit is carried forward to a given year from
11 2 or more earlier years, that credit arising in the earliest
12 year will be applied first against the tax liability for the
13 given year. If a tax liability for the given year still
14 remains, the credit from the next earliest year will then be
15 applied, and so on, until all credits have been used or no tax
16 liability for the given year remains. Any remaining unused
17 credit or credits then will be carried forward to the next
18 following year in which a tax liability is incurred, except
19 that no credit can be carried forward to a year which is more
20 than 5 years after the year in which the expense for which the
21 credit is given was incurred.

22 No inference shall be drawn from Public Act 91-644 in
23 construing this Section for taxable years beginning before
24 January 1, 1999.

25 It is the intent of the General Assembly that the research
26 and development credit under this subsection (k) shall apply

1 continuously for all tax years ending on or after December 31,
2 2004 and ending prior to January 1, 2032, including, but not
3 limited to, the period beginning on January 1, 2016 and ending
4 on July 6, 2017 (the effective date of Public Act 100-22). All
5 actions taken in reliance on the continuation of the credit
6 under this subsection (k) by any taxpayer are hereby
7 validated.

8 (1) Environmental Remediation Tax Credit.

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

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

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

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

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

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

7 (m) Education expense credit. Beginning with tax years
8 ending after December 31, 1999, a taxpayer who is the
9 custodian of one or more qualifying pupils shall be allowed a
10 credit against the tax imposed by subsections (a) and (b) of
11 this Section for qualified education expenses incurred on
12 behalf of the qualifying pupils. The credit shall be equal to
13 25% of qualified education expenses, but in no event may the
14 total credit under this subsection claimed by a family that is
15 the custodian of qualifying pupils exceed (i) \$500 for tax
16 years ending prior to December 31, 2017, and (ii) \$750 for tax
17 years ending on or after December 31, 2017. In no event shall a
18 credit under this subsection reduce the taxpayer's liability
19 under this Act to less than zero. Notwithstanding any other
20 provision of law, for taxable years beginning on or after
21 January 1, 2017, no taxpayer may claim a credit under this
22 subsection (m) if the taxpayer's adjusted gross income for the
23 taxable year exceeds (i) \$500,000, in the case of spouses
24 filing a joint federal tax return or (ii) \$250,000, in the case
25 of all other taxpayers. This subsection is exempt from the
26 provisions of Section 250 of this Act.

1 For purposes of this subsection:

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

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

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

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

23 (n) River Edge Redevelopment Zone site remediation tax
24 credit.

25 (i) For tax years ending on or after December 31,
26 2006, a taxpayer shall be allowed a credit against the tax

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

1 Section 381 of the Internal Revenue Code and "related
2 party" includes the persons disallowed a deduction for
3 losses by paragraphs (b), (c), and (f)(1) of Section 267
4 of the Internal Revenue Code by virtue of being a related
5 taxpayer, as well as any of its partners. The credit
6 allowed against the tax imposed by subsections (a) and (b)
7 shall be equal to 25% of the unreimbursed eligible
8 remediation costs in excess of \$100,000 per site.

9 (ii) A credit allowed under this subsection that is
10 unused in the year the credit is earned may be carried
11 forward to each of the 5 taxable years following the year
12 for which the credit is first earned until it is used. This
13 credit shall be applied first to the earliest year for
14 which there is a liability. If there is a credit under this
15 subsection from more than one tax year that is available
16 to offset a liability, the earliest credit arising under
17 this subsection shall be applied first. A credit allowed
18 under this subsection may be sold to a buyer as part of a
19 sale of all or part of the remediation site for which the
20 credit was granted. The purchaser of a remediation site
21 and the tax credit shall succeed to the unused credit and
22 remaining carry-forward period of the seller. To perfect
23 the transfer, the assignor shall record the transfer in
24 the chain of title for the site and provide written notice
25 to the Director of the Illinois Department of Revenue of
26 the assignor's intent to sell the remediation site and the

1 amount of the tax credit to be transferred as a portion of
2 the sale. In no event may a credit be transferred to any
3 taxpayer if the taxpayer or a related party would not be
4 eligible under the provisions of subsection (i).

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

8 (o) For each of taxable years during the Compassionate Use
9 of Medical Cannabis Program, a surcharge is imposed on all
10 taxpayers on income arising from the sale or exchange of
11 capital assets, depreciable business property, real property
12 used in the trade or business, and Section 197 intangibles of
13 an organization registrant under the Compassionate Use of
14 Medical Cannabis Program Act. The amount of the surcharge is
15 equal to the amount of federal income tax liability for the
16 taxable year attributable to those sales and exchanges. The
17 surcharge imposed does not apply if:

18 (1) the medical cannabis cultivation center
19 registration, medical cannabis dispensary registration, or
20 the property of a registration is transferred as a result
21 of any of the following:

22 (A) bankruptcy, a receivership, or a debt
23 adjustment initiated by or against the initial
24 registration or the substantial owners of the initial
25 registration;

26 (B) cancellation, revocation, or termination of

1 any registration by the Illinois Department of Public
2 Health;

3 (C) a determination by the Illinois Department of
4 Public Health that transfer of the registration is in
5 the best interests of Illinois qualifying patients as
6 defined by the Compassionate Use of Medical Cannabis
7 Program Act;

8 (D) the death of an owner of the equity interest in
9 a registrant;

10 (E) the acquisition of a controlling interest in
11 the stock or substantially all of the assets of a
12 publicly traded company;

13 (F) a transfer by a parent company to a wholly
14 owned subsidiary; or

15 (G) the transfer or sale to or by one person to
16 another person where both persons were initial owners
17 of the registration when the registration was issued;
18 or

19 (2) the cannabis cultivation center registration,
20 medical cannabis dispensary registration, or the
21 controlling interest in a registrant's property is
22 transferred in a transaction to lineal descendants in
23 which no gain or loss is recognized or as a result of a
24 transaction in accordance with Section 351 of the Internal
25 Revenue Code in which no gain or loss is recognized.

26 (p) Pass-through entity tax.

(1) For taxable years ending on or after December 31, 2021 ~~and beginning prior to January 1, 2026~~, a partnership (other than a publicly traded partnership under Section 7704 of the Internal Revenue Code) or Subchapter S corporation may elect to apply the provisions of this subsection. A separate election shall be made for each taxable year. Such election shall be made at such time, and in such form and manner as prescribed by the Department, and, once made, is irrevocable.

(2) Entity-level tax. A partnership or Subchapter S corporation electing to apply the provisions of this subsection shall be subject to a tax for the privilege of earning or receiving income in this State in an amount equal to 4.95% of the taxpayer's net income for the taxable year.

(3) Net income defined.

(A) In general. For purposes of paragraph (2), the term net income has the same meaning as defined in Section 202 of this Act, except that, for tax years ending on or after December 31, 2023, a deduction shall be allowed in computing base income for distributions to a retired partner to the extent that the partner's distributions are exempt from tax under Section 203(a)(2)(F) of this Act. In addition, the following modifications shall not apply:

(i) the standard exemption allowed under

1 Section 204;

2 (ii) the deduction for net losses allowed
3 under Section 207;

4 (iii) in the case of an S corporation, the
5 modification under Section 203(b) (2) (S); and

6 (iv) in the case of a partnership, the
7 modifications under Section 203(d) (2) (H) and
8 Section 203(d) (2) (I) .

9 (B) Special rule for tiered partnerships. If a
10 taxpayer making the election under paragraph (1) is a
11 partner of another taxpayer making the election under
12 paragraph (1), net income shall be computed as
13 provided in subparagraph (A), except that the taxpayer
14 shall subtract its distributive share of the net
15 income of the electing partnership (including its
16 distributive share of the net income of the electing
17 partnership derived as a distributive share from
18 electing partnerships in which it is a partner).

19 (4) Credit for entity level tax. Each partner or
20 shareholder of a taxpayer making the election under this
21 Section shall be allowed a credit against the tax imposed
22 under subsections (a) and (b) of Section 201 of this Act
23 for the taxable year of the partnership or Subchapter S
24 corporation for which an election is in effect ending
25 within or with the taxable year of the partner or
26 shareholder in an amount equal to 4.95% times the partner

1 or shareholder's distributive share of the net income of
2 the electing partnership or Subchapter S corporation, but
3 not to exceed the partner's or shareholder's share of the
4 tax imposed under paragraph (1) which is actually paid by
5 the partnership or Subchapter S corporation. If the
6 taxpayer is a partnership or Subchapter S corporation that
7 is itself a partner of a partnership making the election
8 under paragraph (1), the credit under this paragraph shall
9 be allowed to the taxpayer's partners or shareholders (or
10 if the partner is a partnership or Subchapter S
11 corporation then its partners or shareholders) in
12 accordance with the determination of income and
13 distributive share of income under Sections 702 and 704
14 and Subchapter S of the Internal Revenue Code. If the
15 amount of the credit allowed under this paragraph exceeds
16 the partner's or shareholder's liability for tax imposed
17 under subsections (a) and (b) of Section 201 of this Act
18 for the taxable year, such excess shall be treated as an
19 overpayment for purposes of Section 909 of this Act.

20 (5) Nonresidents. A nonresident individual who is a
21 partner or shareholder of a partnership or Subchapter S
22 corporation for a taxable year for which an election is in
23 effect under paragraph (1) shall not be required to file
24 an income tax return under this Act for such taxable year
25 if the only source of net income of the individual (or the
26 individual and the individual's spouse in the case of a

1 joint return) is from an entity making the election under
2 paragraph (1) and the credit allowed to the partner or
3 shareholder under paragraph (4) equals or exceeds the
4 individual's liability for the tax imposed under
5 subsections (a) and (b) of Section 201 of this Act for the
6 taxable year.

7 (6) Liability for tax. Except as provided in this
8 paragraph, a partnership or Subchapter S making the
9 election under paragraph (1) is liable for the
10 entity-level tax imposed under paragraph (2). If the
11 electing partnership or corporation fails to pay the full
12 amount of tax deemed assessed under paragraph (2), the
13 partners or shareholders shall be liable to pay the tax
14 assessed (including penalties and interest). Each partner
15 or shareholder shall be liable for the unpaid assessment
16 based on the ratio of the partner's or shareholder's share
17 of the net income of the partnership over the total net
18 income of the partnership. If the partnership or
19 Subchapter S corporation fails to pay the tax assessed
20 (including penalties and interest) and thereafter an
21 amount of such tax is paid by the partners or
22 shareholders, such amount shall not be collected from the
23 partnership or corporation.

24 (7) Foreign tax. For purposes of the credit allowed
25 under Section 601(b)(3) of this Act, tax paid by a
26 partnership or Subchapter S corporation to another state

1 which, as determined by the Department, is substantially
2 similar to the tax imposed under this subsection, shall be
3 considered tax paid by the partner or shareholder to the
4 extent that the partner's or shareholder's share of the
5 income of the partnership or Subchapter S corporation
6 allocated and apportioned to such other state bears to the
7 total income of the partnership or Subchapter S
8 corporation allocated or apportioned to such other state.

9 (8) Suspension of withholding. The provisions of
10 Section 709.5 of this Act shall not apply to a partnership
11 or Subchapter S corporation for the taxable year for which
12 an election under paragraph (1) is in effect.

13 (9) Requirement to pay estimated tax. For each taxable
14 year for which an election under paragraph (1) is in
15 effect, a partnership or Subchapter S corporation is
16 required to pay estimated tax for such taxable year under
17 Sections 803 and 804 of this Act if the amount payable as
18 estimated tax can reasonably be expected to exceed \$500.

19 (10) The provisions of this subsection shall apply
20 only with respect to taxable years for which the
21 limitation on individual deductions applies under Section
22 164(b) (6) of the Internal Revenue Code.

23 (Source: P.A. 102-558, eff. 8-20-21; 102-658, eff. 8-27-21;
24 103-9, eff. 6-7-23; 103-396, eff. 1-1-24; 103-595, eff.
25 6-26-24; 103-605, eff. 7-1-24.)

1 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

2 Sec. 203. Base income defined.

3 (a) Individuals.

4 (1) In general. In the case of an individual, base
5 income means an amount equal to the taxpayer's adjusted
6 gross income for the taxable year as modified by paragraph
7 (2).

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

11 (A) An amount equal to all amounts paid or accrued
12 to the taxpayer as interest or dividends during the
13 taxable year to the extent excluded from gross income
14 in the computation of adjusted gross income, except
15 stock dividends of qualified public utilities
16 described in Section 305(e) of the Internal Revenue
17 Code;

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

22 (C) An amount equal to the amount received during
23 the taxable year as a recovery or refund of real
24 property taxes paid with respect to the taxpayer's
25 principal residence under the Revenue Act of 1939 and
26 for which a deduction was previously taken under

1 subparagraph (L) of this paragraph (2) prior to July
2 1, 1991, the retrospective application date of Article
3 4 of Public Act 87-17. In the case of multi-unit or
4 multi-use structures and farm dwellings, the taxes on
5 the taxpayer's principal residence shall be that
6 portion of the total taxes for the entire property
7 which is attributable to such principal residence;

8 (D) An amount equal to the amount of the capital
9 gain deduction allowable under the Internal Revenue
10 Code, to the extent deducted from gross income in the
11 computation of adjusted gross income;

12 (D-5) An amount, to the extent not included in
13 adjusted gross income, equal to the amount of money
14 withdrawn by the taxpayer in the taxable year from a
15 medical care savings account and the interest earned
16 on the account in the taxable year of a withdrawal
17 pursuant to subsection (b) of Section 20 of the
18 Medical Care Savings Account Act or subsection (b) of
19 Section 20 of the Medical Care Savings Account Act of
20 2000;

21 (D-10) For taxable years ending after December 31,
22 1997, an amount equal to any eligible remediation
23 costs that the individual deducted in computing
24 adjusted gross income and for which the individual
25 claims a credit under subsection (1) of Section 201;

26 (D-15) For taxable years 2001 through 2025 ~~and~~

1 ~~thereafter~~, an amount equal to the bonus depreciation
2 deduction taken on the taxpayer's federal income tax
3 return for the taxable year under subsection (k) of
4 Section 168 of the Internal Revenue Code; for taxable
5 years 2026 and thereafter, an amount equal to the
6 bonus depreciation deduction taken on the taxpayer's
7 federal income tax return for the taxable year under
8 subsection (k) or (n) of Section 168 of the Internal
9 Revenue Code;

10 (D-16) If the taxpayer sells, transfers, abandons,
11 or otherwise disposes of property for which the
12 taxpayer was required in any taxable year to make an
13 addition modification under subparagraph (D-15), then
14 an amount equal to the aggregate amount of the
15 deductions taken in all taxable years under
16 subparagraph (Z) with respect to that property.

17 If the taxpayer continues to own property through
18 the last day of the last tax year for which a
19 subtraction is allowed with respect to that property
20 under subparagraph (Z) and for which the taxpayer was
21 allowed in any taxable year to make a subtraction
22 modification under subparagraph (Z), then an amount
23 equal to that subtraction modification.

24 The taxpayer is required to make the addition
25 modification under this subparagraph only once with
26 respect to any one piece of property;

(D-17) An amount equal to the amount otherwise allowed as a deduction in computing base income for interest paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact that foreign person's business activity outside the United States is 80% or more of the foreign person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income under Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the interest was paid, accrued, or

incurred. For taxable years ending on and after December 31, 2025, for purposes of applying this paragraph in the case of a taxpayer to which Section 163(j) of the Internal Revenue Code applies for the taxable year, the reduction in the amount of interest for which a deduction is allowed by reason of Section 163(j) shall be treated as allocable first to persons who are not foreign persons referred to in this paragraph and then to such foreign persons.

For taxable years ending before December 31, 2025,
this paragraph shall not apply to the following:

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

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

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

(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 For taxable years ending on or after December 31,
22 2025, this paragraph shall not apply to the following:

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

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

1 404 of this Act;

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

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

21 For taxable years ending before December 31, 2025,
22 this paragraph shall not apply to the following:

23 (i) any item of intangible expenses or costs
24 paid, accrued, or incurred, directly or
25 indirectly, from a transaction with a person who
26 is subject in a foreign country or state, other

1 than a state which requires mandatory unitary
2 reporting, to a tax on or measured by net income
3 with respect to such item; or

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

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

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

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

1 alternative method of apportionment under Section
2 304(f);

3 For taxable years ending on or after December 31,
4 2025, this paragraph shall not apply to the following:

5 (i) 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 (ii) 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 otherwise
6 allowed under Section 404 of this Act for any tax year
7 beginning after the effective date of this amendment
8 provided such adjustment is made pursuant to
9 regulation adopted by the Department and such
10 regulations provide methods and standards by which the
11 Department will utilize its authority under Section
12 404 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 or (ii) a distribution from the
21 Illinois Prepaid Tuition Trust Fund, an amount equal
22 to the amount excluded from gross income under Section
23 529(c)(3)(B). For taxable years beginning on or after
24 January 1, 2007, in the case of a distribution from a
25 qualified tuition program under Section 529 of the
26 Internal Revenue Code, other than (i) a distribution

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

17 For the purposes of this subparagraph (D-20), a
18 qualified tuition program has made reasonable efforts
19 if it makes disclosures (which may use the term
20 "in-state program" or "in-state plan" and need not
21 specifically refer to Illinois or its qualified
22 programs by name) (i) directly to prospective
23 participants in its offering materials or makes a
24 public disclosure, such as a website posting; and (ii)
25 where applicable, to intermediaries selling the
26 out-of-state program in the same manner that the

1 out-of-state program distributes its offering
2 materials;

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

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

18 (D-21.5) For taxable years beginning on or after
19 January 1, 2018, in the case of the transfer of moneys
20 from a qualified tuition program under Section 529 or
21 a qualified ABLE program under Section 529A of the
22 Internal Revenue Code that is administered by this
23 State to an ABLE account established under an
24 out-of-state ABLE account program, an amount equal to
25 the contribution component of the transferred amount
26 that was previously deducted from base income under

1 subsection (a)(2)(Y) or subsection (a)(2)(HH) of this
2 Section;

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

1 that is not used for qualified disability expenses, an
2 amount equal to the contribution component of the
3 nonqualified withdrawal or refund that was previously
4 deducted from base income under subsection (a) (2) (HH)
5 of this Section;

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

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

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

17 and by deducting from the total so obtained the sum of the
18 following amounts:

19 (E) For taxable years ending before December 31,
20 2001, any amount included in such total in respect of
21 any compensation (including but not limited to any
22 compensation paid or accrued to a serviceman while a
23 prisoner of war or missing in action) paid to a
24 resident by reason of being on active duty in the Armed
25 Forces of the United States and in respect of any
26 compensation paid or accrued to a resident who as a

1 governmental employee was a prisoner of war or missing
2 in action, and in respect of any compensation paid to a
3 resident in 1971 or thereafter for annual training
4 performed pursuant to Sections 502 and 503, Title 32,
5 United States Code as a member of the Illinois
6 National Guard or, beginning with taxable years ending
7 on or after December 31, 2007, the National Guard of
8 any other state. For taxable years ending on or after
9 December 31, 2001, any amount included in such total
10 in respect of any compensation (including but not
11 limited to any compensation paid or accrued to a
12 serviceman while a prisoner of war or missing in
13 action) paid to a resident by reason of being a member
14 of any component of the Armed Forces of the United
15 States and in respect of any compensation paid or
16 accrued to a resident who as a governmental employee
17 was a prisoner of war or missing in action, and in
18 respect of any compensation paid to a resident in 2001
19 or thereafter by reason of being a member of the
20 Illinois National Guard or, beginning with taxable
21 years ending on or after December 31, 2007, the
22 National Guard of any other state. The provisions of
23 this subparagraph (E) are exempt from the provisions
24 of Section 250;

25 (F) An amount equal to all amounts included in
26 such total pursuant to the provisions of Sections

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

10 (G) The valuation limitation amount;

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

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

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

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

10 (L) For taxable years ending after December 31,
11 1983, an amount equal to all social security benefits
12 and railroad retirement benefits included in such
13 total pursuant to Sections 72(r) and 86 of the
14 Internal Revenue Code;

15 (M) With the exception of any amounts subtracted
16 under subparagraph (N), 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, for taxable years ending
25 on or after December 31, 2011, Section 45G(e)(3) of
26 the Internal Revenue Code and, for taxable years

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

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

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

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

26 (Q) An amount equal to any amounts included in

1 such total, received by the taxpayer as an
2 acceleration in the payment of life, endowment or
3 annuity benefits in advance of the time they would
4 otherwise be payable as an indemnity for a terminal
5 illness;

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

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

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

23 (U) For one taxable year beginning on or after
24 January 1, 1994, an amount equal to the total amount of
25 tax imposed and paid under subsections (a) and (b) of
26 Section 201 of this Act on grant amounts received by

1 the taxpayer under the Nursing Home Grant Assistance
2 Act during the taxpayer's taxable years 1992 and 1993;

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

1 percentage of eligible medical expenses under Section
2 213 of the Internal Revenue Code of 1986 not actually
3 deducted on the taxpayer's federal income tax return;

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

10 (X) For taxable year 1999 and thereafter, an
11 amount equal to the amount of any (i) distributions,
12 to the extent includible in gross income for federal
13 income tax purposes, made to the taxpayer because of
14 his or her status as a victim of persecution for racial
15 or religious reasons by Nazi Germany or any other Axis
16 regime or as an heir of the victim and (ii) items of
17 income, to the extent includible in gross income for
18 federal income tax purposes, attributable to, derived
19 from or in any way related to assets stolen from,
20 hidden from, or otherwise lost to a victim of
21 persecution for racial or religious reasons by Nazi
22 Germany or any other Axis regime immediately prior to,
23 during, and immediately after World War II, including,
24 but not limited to, interest on the proceeds
25 receivable as insurance under policies issued to a
26 victim of persecution for racial or religious reasons

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

17 (Y) For taxable years beginning on or after
18 January 1, 2002 and ending on or before December 31,
19 2004, moneys contributed in the taxable year to a
20 College Savings Pool account under Section 16.5 of the
21 State Treasurer Act, except that amounts excluded from
22 gross income under Section 529(c)(3)(C)(i) of the
23 Internal Revenue Code shall not be considered moneys
24 contributed under this subparagraph (Y). For taxable
25 years beginning on or after January 1, 2005, a maximum
26 of \$10,000 contributed in the taxable year to (i) a

1 College Savings Pool account under Section 16.5 of the
2 State Treasurer Act or (ii) the Illinois Prepaid
3 Tuition Trust Fund, except that amounts excluded from
4 gross income under Section 529(c)(3)(C)(i) of the
5 Internal Revenue Code shall not be considered moneys
6 contributed under this subparagraph (Y). For purposes
7 of this subparagraph, contributions made by an
8 employer on behalf of an employee, or matching
9 contributions made by an employee, shall be treated as
10 made by the employee. This subparagraph (Y) is exempt
11 from the provisions of Section 250;

12 (Z) For taxable years 2001 and thereafter, for the
13 taxable year in which the bonus depreciation deduction
14 is taken on the taxpayer's federal income tax return
15 under subsection (k) or (n) of Section 168 of the
16 Internal Revenue Code and for each applicable taxable
17 year thereafter, an amount equal to "x", where:

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

25 (2) for taxable years ending on or before
26 December 31, 2005, "x" equals "y" multiplied by 30

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

3 (3) for taxable years ending after December
4 31, 2005:

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

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

14 (iii) for property on which a bonus
15 depreciation deduction of 100% of the adjusted
16 basis was taken in a taxable year ending on or
17 after December 31, 2021, "x" equals the
18 depreciation deduction that would be allowed
19 on that property if the taxpayer had made the
20 election under Section 168(k)(7) or Section
21 168(n)(6) of the Internal Revenue Code to not
22 claim bonus depreciation on that property; and

23 (iv) for property on which a bonus
24 depreciation deduction of a percentage other
25 than 30%, 50% or 100% of the adjusted basis
26 was taken in a taxable year ending on or after

1 December 31, 2021, "x" equals "y" multiplied
2 by 100 times the percentage bonus depreciation
3 on the property (that is, $100(\text{bonus}\%)$) and
4 then divided by 100 times 1 minus the
5 percentage bonus depreciation on the property
6 (that is, $100(1-\text{bonus}\%)$).

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

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

20 If the taxpayer continues to own property through
21 the last day of the last tax year for which a
22 subtraction is allowed with respect to that property
23 under subparagraph (Z) and for which the taxpayer was
24 required in any taxable year to make an addition
25 modification under subparagraph (D-15), then an amount
26 equal to that addition modification.

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

4 This subparagraph (AA) is exempt from the
5 provisions of Section 250;

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

9 (CC) The amount of (i) any interest income (net of
10 the deductions allocable thereto) taken into account
11 for the taxable year with respect to a transaction
12 with a taxpayer that is required to make an addition
13 modification with respect to such transaction under
14 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
15 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
16 the amount of that addition modification, and (ii) any
17 income from intangible property (net of the deductions
18 allocable thereto) taken into account for the taxable
19 year with respect to a transaction with a taxpayer
20 that is required to make an addition modification with
21 respect to such transaction under Section
22 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
23 203(d)(2)(D-8), but not to exceed the amount of that
24 addition modification. This subparagraph (CC) is
25 exempt from the provisions of Section 250;

26 (DD) An amount equal to the interest income taken

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

21 (EF) An amount equal to the income from intangible
22 property taken into account for the taxable year (net
23 of the deductions allocable thereto) with respect to
24 transactions with (i) a foreign person who would be a
25 member of the taxpayer's unitary business group but
26 for the fact that the foreign person's business

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

16 (FF) An amount equal to any amount awarded to the
17 taxpayer during the taxable year by the Court of
18 Claims under subsection (c) of Section 8 of the Court
19 of Claims Act for time unjustly served in a State
20 prison. This subparagraph (FF) is exempt from the
21 provisions of Section 250;

22 (GG) For taxable years ending on or after December
23 31, 2011, in the case of a taxpayer who was required to
24 add back any insurance premiums under Section
25 203(a)(2)(D-19), such taxpayer may elect to subtract
26 that part of a reimbursement received from the

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

12 (HH) For taxable years beginning on or after
13 January 1, 2018 and prior to January 1, 2028, a maximum
14 of \$10,000 contributed in the taxable year to a
15 qualified ABLE account under Section 16.6 of the State
16 Treasurer Act, except that amounts excluded from gross
17 income under Section 529(c)(3)(C)(i) or Section
18 529A(c)(1)(C) of the Internal Revenue Code shall not
19 be considered moneys contributed under this
20 subparagraph (HH). For purposes of this subparagraph
21 (HH), contributions made by an employer on behalf of
22 an employee, or matching contributions made by an
23 employee, shall be treated as made by the employee;

24 (II) For taxable years that begin on or after
25 January 1, 2021 and begin before January 1, 2026, the
26 amount that is included in the taxpayer's federal

1 adjusted gross income pursuant to Section 61 of the
2 Internal Revenue Code as discharge of indebtedness
3 attributable to student loan forgiveness and that is
4 not excluded from the taxpayer's federal adjusted
5 gross income pursuant to paragraph (5) of subsection
6 (f) of Section 108 of the Internal Revenue Code;

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

20 (KK) To the extent includible in gross income for
21 federal income tax purposes, any amount awarded or
22 paid to the taxpayer as a result of a judgment or
23 settlement for fertility fraud as provided in Section
24 15 of the Illinois Fertility Fraud Act, donor
25 fertility fraud as provided in Section 20 of the
26 Illinois Fertility Fraud Act, or similar action in

1 another state;

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

12 This subparagraph (LL) is exempt from the
13 provisions of Section 250; and

14 (MM) For taxable years beginning on or after
15 January 1, 2025, if the taxpayer is an eligible
16 resident as defined in the Medical Debt Relief Act, an
17 amount equal to the amount included in the taxpayer's
18 federal adjusted gross income that is attributable to
19 medical debt relief received by the taxpayer during
20 the taxable year from a nonprofit medical debt relief
21 coordinator under the provisions of the Medical Debt
22 Relief Act. This subparagraph (MM) is exempt from the
23 provisions of Section 250.

24 (b) Corporations.

25 (1) In general. In the case of a corporation, base

1 income means an amount equal to the taxpayer's taxable
2 income for the taxable year as modified by paragraph (2).

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

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

15 (C) In the case of a regulated investment company,
16 an amount equal to the excess of (i) the net long-term
17 capital gain for the taxable year, over (ii) the
18 amount of the capital gain dividends designated as
19 such in accordance with Section 852(b)(3)(C) of the
20 Internal Revenue Code and any amount designated under
21 Section 852(b)(3)(D) of the Internal Revenue Code,
22 attributable to the taxable year (this amendatory Act
23 of 1995 (Public Act 89-89) is declarative of existing
24 law and is not a new enactment);

25 (D) The amount of any net operating loss deduction
26 taken in arriving at taxable income, other than a net

1 operating loss carried forward from a taxable year
2 ending prior to December 31, 1986;

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

13 (i) the addition modification relating to the
14 net operating loss carried back or forward to the
15 taxable year from any taxable year ending prior to
16 December 31, 1986 shall be reduced by the amount
17 of addition modification under this subparagraph
18 (E) which related to that net operating loss and
19 which was taken into account in calculating the
20 base income of an earlier taxable year, and

21 (ii) the addition modification relating to the
22 net operating loss carried back or forward to the
23 taxable year from any taxable year ending prior to
24 December 31, 1986 shall not exceed the amount of
25 such carryback or carryforward;

26 For taxable years in which there is a net

1 operating loss carryback or carryforward from more
2 than one other taxable year ending prior to December
3 31, 1986, the addition modification provided in this
4 subparagraph (E) shall be the sum of the amounts
5 computed independently under the preceding provisions
6 of this subparagraph (E) for each such taxable year;

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

12 (E-10) For taxable years 2001 through 2025 ~~and~~
13 ~~thereafter~~, an amount equal to the bonus depreciation
14 deduction taken on the taxpayer's federal income tax
15 return for the taxable year under subsection (k) of
16 Section 168 of the Internal Revenue Code; for taxable
17 years 2026 and thereafter, an amount equal to the
18 bonus depreciation deduction taken on the taxpayer's
19 federal income tax return for the taxable year under
20 subsection (k) or (n) of Section 168 of the Internal
21 Revenue Code;

22 (E-11) If the taxpayer sells, transfers, abandons,
23 or otherwise disposes of property for which the
24 taxpayer was required in any taxable year to make an
25 addition modification under subparagraph (E-10), then
26 an amount equal to the aggregate amount of the

1 deductions taken in all taxable years under
2 subparagraph (T) with respect to that property.

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

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

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

1 required to apportion business income under different
2 subsections of Section 304. The addition modification
3 required by this subparagraph shall be reduced to the
4 extent that dividends were included in base income of
5 the unitary group for the same taxable year and
6 received by the taxpayer or by a member of the
7 taxpayer's unitary business group (including amounts
8 included in gross income pursuant to Sections 951
9 through 964 of the Internal Revenue Code and amounts
10 included in gross income under Section 78 of the
11 Internal Revenue Code) with respect to the stock of
12 the same person to whom the interest was paid,
13 accrued, or incurred. For taxable years ending on and
14 after December 31, 2025, for purposes of applying this
15 paragraph in the case of a taxpayer to which Section
16 163(j) of the Internal Revenue Code applies for the
17 taxable year, the reduction in the amount of interest
18 for which a deduction is allowed by reason of Section
19 163(j) shall be treated as allocable first to persons
20 who are not foreign persons referred to in this
21 paragraph and then to such foreign persons.

22 For taxable years ending before December 31, 2025,
23 this paragraph shall not apply to the following:

24 (i) an item of interest paid, accrued, or
25 incurred, directly or indirectly, to a person who
26 is subject in a foreign country or state, other

1 than a state which requires mandatory unitary
2 reporting, to a tax on or measured by net income
3 with respect to such interest; or

4 (ii) an item of interest paid, accrued, or
5 incurred, directly or indirectly, to a person if
6 the taxpayer can establish, based on a
7 preponderance of the evidence, both of the
8 following:

9 (a) the person, during the same taxable
10 year, paid, accrued, or incurred, the interest
11 to a person that is not a related member, and

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

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

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

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

7 For taxable years ending on or after December 31,
8 2025, 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 if
11 the taxpayer can establish, based on a
12 preponderance of the evidence, both of the
13 following:

14 (a) the person, during the same taxable
15 year, paid, accrued, or incurred, the interest
16 to a person that is not a related member, and

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

24 (ii) an item of interest paid, accrued, or
25 incurred, directly or indirectly, to a person if
26 the taxpayer establishes by clear and convincing

1 evidence that the adjustments are unreasonable; or
2 if the taxpayer and the Director agree in writing
3 to the application or use of an alternative method
4 of apportionment under Section 304(f).

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

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

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

1 copyright fees; (4) licensing fees; and (5) other
2 similar expenses and costs. For purposes of this
3 subparagraph, "intangible property" includes patents,
4 patent applications, trade names, trademarks, service
5 marks, copyrights, mask works, trade secrets, and
6 similar types of intangible assets.

7 For taxable years ending before December 31, 2025,
8 this paragraph shall not apply to the following:

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

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

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

25 (b) the transaction giving rise to the
26 intangible expense or cost between the

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

6 (iii) any item of intangible expense or cost
7 paid, accrued, or incurred, directly or
8 indirectly, from a transaction with a person if
9 the taxpayer establishes by clear and convincing
10 evidence, that the adjustments are unreasonable;
11 or if the taxpayer and the Director agree in
12 writing to the application or use of an
13 alternative method of apportionment under Section
14 304(f);

15 For taxable years ending on or after December 31,
16 2025, this paragraph shall not apply to the following:

17 (i) any item of intangible expense or cost
18 paid, accrued, or incurred, directly or
19 indirectly, if the taxpayer can establish, based
20 on a preponderance of the evidence, both of the
21 following:

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

26 (b) the transaction giving rise to the

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

7 (ii) any item of intangible expense or cost
8 paid, accrued, or incurred, directly or
9 indirectly, from a transaction with a person if
10 the taxpayer establishes by clear and convincing
11 evidence, that the adjustments are unreasonable;
12 or if the taxpayer and the Director agree in
13 writing to the application or use of an
14 alternative method of apportionment under Section
15 304(f).

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

25 (E-14) For taxable years ending on or after
26 December 31, 2008, an amount equal to the amount of

1 insurance premium expenses and costs otherwise allowed
2 as a deduction in computing base income, and that were
3 paid, accrued, or incurred, directly or indirectly, to
4 a person who would be a member of the same unitary
5 business group but for the fact that the person is
6 prohibited under Section 1501(a)(27) from being
7 included in the unitary business group because he or
8 she is ordinarily required to apportion business
9 income under different subsections of Section 304. The
10 addition modification required by this subparagraph
11 shall be reduced to the extent that dividends were
12 included in base income of the unitary group for the
13 same taxable year and received by the taxpayer or by a
14 member of the taxpayer's unitary business group
15 (including amounts included in gross income under
16 Sections 951 through 964 of the Internal Revenue Code
17 and amounts included in gross income under Section 78
18 of the Internal Revenue Code) with respect to the
19 stock of the same person to whom the premiums and costs
20 were directly or indirectly paid, incurred, or
21 accrued. The preceding sentence does not apply to the
22 extent that the same dividends caused a reduction to
23 the addition modification required under Section
24 203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this
25 Act;

26 (E-15) For taxable years beginning after December

1 31, 2008, any deduction for dividends paid by a
2 captive real estate investment trust that is allowed
3 to a real estate investment trust under Section
4 857(b)(2)(B) of the Internal Revenue Code for
5 dividends paid;

6 (E-16) An amount equal to the credit allowable to
7 the taxpayer under Section 218(a) of this Act,
8 determined without regard to Section 218(c) of this
9 Act;

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

14 (E-18) for taxable years beginning after December
15 31, 2018, an amount equal to the deduction allowed
16 under Section 250(a)(1)(A) of the Internal Revenue
17 Code for the taxable year;

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

22 (E-20) for taxable years ending on or after June
23 30, 2021, an amount equal to the deduction allowed
24 under Sections 243(e) and 245A(a) of the Internal
25 Revenue Code for the taxable year;

26 (E-21) the amount that is claimed as a federal

1 deduction when computing the taxpayer's federal
2 taxable income for the taxable year and that is
3 attributable to an endowment gift for which the
4 taxpayer receives a credit under the Illinois Gives
5 Tax Credit Act;

6 and by deducting from the total so obtained the sum of the
7 following amounts:

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

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

13 (H) In the case of a regulated investment company,
14 an amount equal to the amount of exempt interest
15 dividends as defined in subsection (b)(5) of Section
16 852 of the Internal Revenue Code, paid to shareholders
17 for the taxable year;

18 (I) With the exception of any amounts subtracted
19 under subparagraph (J), an amount equal to the sum of
20 all amounts disallowed as deductions by (i) Sections
21 171(a)(2) and 265(a)(2) and amounts disallowed as
22 interest expense by Section 291(a)(3) of the Internal
23 Revenue Code, and all amounts of expenses allocable to
24 interest and disallowed as deductions by Section
25 265(a)(1) of the Internal Revenue Code; and (ii) for
26 taxable years ending on or after August 13, 1999,

1 Sections 171(a)(2), 265, 280C, 291(a)(3), and
2 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
3 for tax years ending on or after December 31, 2011,
4 amounts disallowed as deductions by Section 45G(e)(3)
5 of the Internal Revenue Code and, for taxable years
6 ending on or after December 31, 2008, any amount
7 included in gross income under Section 87 of the
8 Internal Revenue Code and the policyholders' share of
9 tax-exempt interest of a life insurance company under
10 Section 807(a)(2)(B) of the Internal Revenue Code (in
11 the case of a life insurance company with gross income
12 from a decrease in reserves for the tax year) or
13 Section 807(b)(1)(B) of the Internal Revenue Code (in
14 the case of a life insurance company allowed a
15 deduction for an increase in reserves for the tax
16 year); the provisions of this subparagraph are exempt
17 from the provisions of Section 250;

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

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

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

18 (M) For any taxpayer that is a financial
19 organization within the meaning of Section 304(c) of
20 this Act, an amount included in such total as interest
21 income from a loan or loans made by such taxpayer to a
22 borrower, to the extent that such a loan is secured by
23 property which is eligible for the River Edge
24 Redevelopment Zone Investment Credit. To determine the
25 portion of a loan or loans that is secured by property
26 eligible for a Section 201(f) investment credit to the

1 borrower, the entire principal amount of the loan or
2 loans between the taxpayer and the borrower should be
3 divided into the basis of the Section 201(f)
4 investment credit property which secures the loan or
5 loans, using for this purpose the original basis of
6 such property on the date that it was placed in service
7 in the River Edge Redevelopment Zone. The subtraction
8 modification available to the taxpayer in any year
9 under this subsection shall be that portion of the
10 total interest paid by the borrower with respect to
11 such loan attributable to the eligible property as
12 calculated under the previous sentence. This
13 subparagraph (M) is exempt from the provisions of
14 Section 250;

15 (M-1) For any taxpayer that is a financial
16 organization within the meaning of Section 304(c) of
17 this Act, an amount included in such total as interest
18 income from a loan or loans made by such taxpayer to a
19 borrower, to the extent that such a loan is secured by
20 property which is eligible for the High Impact
21 Business Investment Credit. To determine the portion
22 of a loan or loans that is secured by property eligible
23 for a Section 201(h) investment credit to the
24 borrower, the entire principal amount of the loan or
25 loans between the taxpayer and the borrower should be
26 divided into the basis of the Section 201(h)

1 investment credit property which secures the loan or
2 loans, using for this purpose the original basis of
3 such property on the date that it was placed in service
4 in a federally designated Foreign Trade Zone or
5 Sub-Zone located in Illinois. No taxpayer that is
6 eligible for the deduction provided in subparagraph
7 (M) of paragraph (2) of this subsection shall be
8 eligible for the deduction provided under this
9 subparagraph (M-1). The subtraction modification
10 available to taxpayers in any year under this
11 subsection shall be that portion of the total interest
12 paid by the borrower with respect to such loan
13 attributable to the eligible property as calculated
14 under the previous sentence;

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

26 (O) An amount equal to: (i) 85% for taxable years

1 ending on or before December 31, 1992, or, a
2 percentage equal to the percentage allowable under
3 Section 243(a)(1) of the Internal Revenue Code of 1986
4 for taxable years ending after December 31, 1992, of
5 the amount by which dividends included in taxable
6 income and received from a corporation that is not
7 created or organized under the laws of the United
8 States or any state or political subdivision thereof,
9 including, for taxable years ending on or after
10 December 31, 1988, dividends received or deemed
11 received or paid or deemed paid under Sections 951
12 through 965 of the Internal Revenue Code, exceed the
13 amount of the modification provided under subparagraph
14 (G) of paragraph (2) of this subsection (b) which is
15 related to such dividends, and including, for taxable
16 years ending on or after December 31, 2008, dividends
17 received from a captive real estate investment trust;
18 plus (ii) 100% of the amount by which dividends,
19 included in taxable income and received, including,
20 for taxable years ending on or after December 31,
21 1988, dividends received or deemed received or paid or
22 deemed paid under Sections 951 through 964 of the
23 Internal Revenue Code and including, for taxable years
24 ending on or after December 31, 2008, dividends
25 received from a captive real estate investment trust,
26 from any such corporation specified in clause (i) that

1 would but for the provisions of Section 1504(b) (3) of
2 the Internal Revenue Code be treated as a member of the
3 affiliated group which includes the dividend
4 recipient, exceed the amount of the modification
5 provided under subparagraph (G) of paragraph (2) of
6 this subsection (b) which is related to such
7 dividends. For taxable years ending on or after June
8 30, 2021, (i) for purposes of this subparagraph, the
9 term "dividend" does not include any amount treated as
10 a dividend under Section 1248 of the Internal Revenue
11 Code, and (ii) this subparagraph shall not apply to
12 dividends for which a deduction is allowed under
13 Section 245(a) of the Internal Revenue Code. For
14 taxable years ending on or after December 31, 2025,
15 50% of the amount of global intangible low-taxed
16 income or net controlled foreign corporation (CFC)
17 tested income received or deemed received or paid or
18 deemed paid under Sections 951 through 965 ~~Section~~
19 ~~951A~~ of the Internal Revenue Code. This subparagraph
20 (O) is exempt from the provisions of Section 250 of
21 this Act;

22 (P) An amount equal to any contribution made to a
23 job training project established pursuant to the Tax
24 Increment Allocation Redevelopment Act;

25 (Q) An amount equal to the amount of the deduction
26 used to compute the federal income tax credit for

1 restoration of substantial amounts held under claim of
2 right for the taxable year pursuant to Section 1341 of
3 the Internal Revenue Code;

4 (R) On and after July 20, 1999, in the case of an
5 attorney-in-fact with respect to whom an interinsurer
6 or a reciprocal insurer has made the election under
7 Section 835 of the Internal Revenue Code, 26 U.S.C.
8 835, an amount equal to the excess, if any, of the
9 amounts paid or incurred by that interinsurer or
10 reciprocal insurer in the taxable year to the
11 attorney-in-fact over the deduction allowed to that
12 interinsurer or reciprocal insurer with respect to the
13 attorney-in-fact under Section 835(b) of the Internal
14 Revenue Code for the taxable year; the provisions of
15 this subparagraph are exempt from the provisions of
16 Section 250;

17 (S) For taxable years ending on or after December
18 31, 1997, in the case of a Subchapter S corporation, an
19 amount equal to all amounts of income allocable to a
20 shareholder subject to the Personal Property Tax
21 Replacement Income Tax imposed by subsections (c) and
22 (d) of Section 201 of this Act, including amounts
23 allocable to organizations exempt from federal income
24 tax by reason of Section 501(a) of the Internal
25 Revenue Code. This subparagraph (S) is exempt from the
26 provisions of Section 250;

1 (T) For taxable years 2001 and thereafter, for the
2 taxable year in which the bonus depreciation deduction
3 is taken on the taxpayer's federal income tax return
4 under subsection (k) or (n) of Section 168 of the
5 Internal Revenue Code and for each applicable taxable
6 year thereafter, an amount equal to "x", where:

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

14 (2) for taxable years ending on or before
15 December 31, 2005, "x" equals "y" multiplied by 30
16 and then divided by 70 (or "y" multiplied by
17 0.429); and

18 (3) for taxable years ending after December
19 31, 2005:

20 (i) for property on which a bonus
21 depreciation deduction of 30% of the adjusted
22 basis was taken, "x" equals "y" multiplied by
23 30 and then divided by 70 (or "y" multiplied
24 by 0.429);

25 (ii) for property on which a bonus
26 depreciation deduction of 50% of the adjusted

1 basis was taken, "x" equals "y" multiplied by
2 1.0;

3 (iii) for property on which a bonus
4 depreciation deduction of 100% of the adjusted
5 basis was taken in a taxable year ending on or
6 after December 31, 2021, "x" equals the
7 depreciation deduction that would be allowed
8 on that property if the taxpayer had made the
9 election under Section 168(k)(7) or Section
10 168(n)(6) of the Internal Revenue Code to not
11 claim bonus depreciation on that property; and

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

22 The aggregate amount deducted under this
23 subparagraph in all taxable years for any one piece of
24 property may not exceed the amount of the bonus
25 depreciation deduction taken on that property on the
26 taxpayer's federal income tax return under subsection

1 (k) or (n) of Section 168 of the Internal Revenue Code.
2 This subparagraph (T) is exempt from the provisions of
3 Section 250;

4 (U) If the taxpayer sells, transfers, abandons, or
5 otherwise disposes of property for which the taxpayer
6 was required in any taxable year to make an addition
7 modification under subparagraph (E-10), then an amount
8 equal to that addition modification.

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

16 The taxpayer is allowed to take the deduction
17 under this subparagraph only once with respect to any
18 one piece of property.

19 This subparagraph (U) is exempt from the
20 provisions of Section 250;

21 (V) The amount of: (i) any interest income (net of
22 the deductions allocable thereto) taken into account
23 for the taxable year with respect to a transaction
24 with a taxpayer that is required to make an addition
25 modification with respect to such transaction under
26 Section 203(a)(2)(D-17), 203(b)(2)(E-12),

1 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
2 the amount of such addition modification, (ii) any
3 income from intangible property (net of the deductions
4 allocable thereto) taken into account for the taxable
5 year with respect to a transaction with a taxpayer
6 that is required to make an addition modification with
7 respect to such transaction under Section
8 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
9 203(d)(2)(D-8), but not to exceed the amount of such
10 addition modification, and (iii) any insurance premium
11 income (net of deductions allocable thereto) taken
12 into account for the taxable year with respect to a
13 transaction with a taxpayer that is required to make
14 an addition modification with respect to such
15 transaction under Section 203(a)(2)(D-19), Section
16 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
17 203(d)(2)(D-9), but not to exceed the amount of that
18 addition modification. This subparagraph (V) is exempt
19 from the provisions of Section 250;

20 (W) An amount equal to the interest income taken
21 into account for the taxable year (net of the
22 deductions allocable thereto) with respect to
23 transactions with (i) a foreign person who would be a
24 member of the taxpayer's unitary business group but
25 for the fact that the foreign person's business
26 activity outside the United States is 80% or more of

1 that person's total business activity and (ii) for
2 taxable years ending on or after December 31, 2008, to
3 a person who would be a member of the same unitary
4 business group but for the fact that the person is
5 prohibited under Section 1501(a)(27) from being
6 included in the unitary business group because he or
7 she is ordinarily required to apportion business
8 income under different subsections of Section 304, but
9 not to exceed the addition modification required to be
10 made for the same taxable year under Section
11 203(b)(2)(E-12) for interest paid, accrued, or
12 incurred, directly or indirectly, to the same person.
13 This subparagraph (W) is exempt from the provisions of
14 Section 250;

15 (X) An amount equal to the income from intangible
16 property taken into account for the taxable year (net
17 of the deductions allocable thereto) with respect to
18 transactions with (i) a foreign person who would be a
19 member of the taxpayer's unitary business group but
20 for the fact that the foreign person's business
21 activity outside the United States is 80% or more of
22 that person's total business activity and (ii) for
23 taxable years ending on or after December 31, 2008, to
24 a person who would be a member of the same unitary
25 business group but for the fact that the person is
26 prohibited under Section 1501(a)(27) from being

1 included in the unitary business group because he or
2 she is ordinarily required to apportion business
3 income under different subsections of Section 304, but
4 not to exceed the addition modification required to be
5 made for the same taxable year under Section
6 203(b)(2)(E-13) for intangible expenses and costs
7 paid, accrued, or incurred, directly or indirectly, to
8 the same foreign person. 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(b)(2)(E-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) The difference between the nondeductible

1 controlled foreign corporation dividends under Section
2 965(e)(3) of the Internal Revenue Code over the
3 taxable income of the taxpayer, computed without
4 regard to Section 965(e)(2)(A) of the Internal Revenue
5 Code, and without regard to any net operating loss
6 deduction. This subparagraph (Z) is exempt from the
7 provisions of Section 250; and

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

21 (3) Special rule. For purposes of paragraph (2)(A),
22 "gross income" in the case of a life insurance company,
23 for tax years ending on and after December 31, 1994, and
24 prior to December 31, 2011, shall mean the gross
25 investment income for the taxable year and, for tax years
26 ending on or after December 31, 2011, shall mean all

1 amounts included in life insurance gross income under
2 Section 803(a)(3) of the Internal Revenue Code.

3 (c) Trusts and estates.

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

7 (2) Modifications. Subject to the provisions of
8 paragraph (3), the taxable income referred to in paragraph
9 (1) shall be modified by adding thereto the sum of the
10 following amounts:

11 (A) An amount equal to all amounts paid or accrued
12 to the taxpayer as interest or dividends during the
13 taxable year to the extent excluded from gross income
14 in the computation of taxable income;

15 (B) In the case of (i) an estate, \$600; (ii) a
16 trust which, under its governing instrument, is
17 required to distribute all of its income currently,
18 \$300; and (iii) any other trust, \$100, but in each such
19 case, only to the extent such amount was deducted in
20 the computation of taxable income;

21 (C) An amount equal to the amount of tax imposed by
22 this Act to the extent deducted from gross income in
23 the computation of taxable income for the taxable
24 year;

25 (D) The amount of any net operating loss deduction

1 taken in arriving at taxable income, other than a net
2 operating loss carried forward from a taxable year
3 ending prior to December 31, 1986;

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

14 (i) the addition modification relating to the
15 net operating loss carried back or forward to the
16 taxable year from any taxable year ending prior to
17 December 31, 1986 shall be reduced by the amount
18 of addition modification under this subparagraph
19 (E) which related to that net operating loss and
20 which was taken into account in calculating the
21 base income of an earlier taxable year, and

22 (ii) the addition modification relating to the
23 net operating loss carried back or forward to the
24 taxable year from any taxable year ending prior to
25 December 31, 1986 shall not exceed the amount of
26 such carryback or carryforward;

1 For taxable years in which there is a net
2 operating loss carryback or carryforward from more
3 than one other taxable year ending prior to December
4 31, 1986, the addition modification provided in this
5 subparagraph (E) shall be the sum of the amounts
6 computed independently under the preceding provisions
7 of this subparagraph (E) for each such taxable year;

8 (F) For taxable years ending on or after January
9 1, 1989, an amount equal to the tax deducted pursuant
10 to Section 164 of the Internal Revenue Code if the
11 trust or estate is claiming the same tax for purposes
12 of the Illinois foreign tax credit under Section 601
13 of this Act;

14 (G) An amount equal to the amount of the capital
15 gain deduction allowable under the Internal Revenue
16 Code, to the extent deducted from gross income in the
17 computation of taxable income;

18 (G-5) For taxable years ending after December 31,
19 1997, an amount equal to any eligible remediation
20 costs that the trust or estate deducted in computing
21 adjusted gross income and for which the trust or
22 estate claims a credit under subsection (1) of Section
23 201;

24 (G-10) For taxable years 2001 through 2025 ~~and~~
25 ~~thereafter~~, an amount equal to the bonus depreciation
26 deduction taken on the taxpayer's federal income tax

1 return for the taxable year under subsection (k) of
2 Section 168 of the Internal Revenue Code; for taxable
3 years 2026 and thereafter, an amount equal to the
4 bonus depreciation deduction taken on the taxpayer's
5 federal income tax return for the taxable year under
6 subsection (k) or (n) of Section 168 of the Internal
7 Revenue Code; and

8 (G-11) If the taxpayer sells, transfers, abandons,
9 or otherwise disposes of property for which the
10 taxpayer was required in any taxable year to make an
11 addition modification under subparagraph (G-10), then
12 an amount equal to the aggregate amount of the
13 deductions taken in all taxable years under
14 subparagraph (R) with respect to that property.

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

22 The taxpayer is required to make the addition
23 modification under this subparagraph only once with
24 respect to any one piece of property;

25 (G-12) An amount equal to the amount otherwise
26 allowed as a deduction in computing base income for

1 interest paid, accrued, or incurred, directly or
2 indirectly, (i) for taxable years ending on or after
3 December 31, 2004, to a foreign person who would be a
4 member of the same unitary business group but for the
5 fact that the foreign person's business activity
6 outside the United States is 80% or more of the foreign
7 person's total business activity and (ii) for taxable
8 years ending on or after December 31, 2008, to a person
9 who would be a member of the same unitary business
10 group but for the fact that the person is prohibited
11 under Section 1501(a)(27) from being included in the
12 unitary business group because he or she is ordinarily
13 required to apportion business income under different
14 subsections of Section 304. The addition modification
15 required by this subparagraph shall be reduced to the
16 extent that dividends were included in base income of
17 the unitary group for the same taxable year and
18 received by the taxpayer or by a member of the
19 taxpayer's unitary business group (including amounts
20 included in gross income pursuant to Sections 951
21 through 964 of the Internal Revenue Code and amounts
22 included in gross income under Section 78 of the
23 Internal Revenue Code) with respect to the stock of
24 the same person to whom the interest was paid,
25 accrued, or incurred. For taxable years ending on and
26 after December 31, 2025, for purposes of applying this

1 paragraph in the case of a taxpayer to which Section
2 163(j) of the Internal Revenue Code applies for the
3 taxable year, the reduction in the amount of interest
4 for which a deduction is allowed by reason of Section
5 163(j) shall be treated as allocable first to persons
6 who are not foreign persons referred to in this
7 paragraph and then to such foreign persons.

8 For taxable years ending before December 31, 2025,
9 this paragraph shall not apply to the following:

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

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

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

24 (b) the transaction giving rise to the
25 interest expense between the taxpayer and the
26 person did not have as a principal purpose the

1 avoidance of Illinois income tax, and is paid
2 pursuant to a contract or agreement that
3 reflects an arm's-length interest rate and
4 terms; or

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

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

19 For taxable years ending on or after December 31,
20 2025, this paragraph shall not apply to the following:

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

26 (a) the person, during the same taxable

1 year, paid, accrued, or incurred, the interest
2 to a person that is not a related member, and

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

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

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

26 (G-13) An amount equal to the amount of intangible

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

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

19 For taxable years ending before December 31, 2025,
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 For taxable years ending on or after December 31,
2 2025, this paragraph shall not apply to the following:

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

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

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

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

1 304(f) .

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

11 (G-14) For taxable years ending on or after
12 December 31, 2008, an amount equal to the amount of
13 insurance premium expenses and costs otherwise allowed
14 as a deduction in computing base income, and that were
15 paid, accrued, or incurred, directly or indirectly, 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. The
22 addition modification required by this subparagraph
23 shall be reduced to the extent that dividends were
24 included in base income of the unitary group for the
25 same taxable year and received by the taxpayer or by a
26 member of the taxpayer's unitary business group

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

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

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

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

26 and by deducting from the total so obtained the sum of the

1 following amounts:

2 (H) 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 408
5 of the Internal Revenue Code or included in such total
6 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 (I) The valuation limitation amount;

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

1 premium amortization;

2 (L) With the exception of any amounts subtracted
3 under subparagraph (K), an amount equal to the sum of
4 all amounts disallowed as deductions by (i) Sections
5 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
6 and all amounts of expenses allocable to interest and
7 disallowed as deductions by Section 265(a)(1) of the
8 Internal Revenue Code; and (ii) for taxable years
9 ending on or after August 13, 1999, Sections
10 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
11 Internal Revenue Code, plus, (iii) for taxable years
12 ending on or after December 31, 2011, Section
13 45G(e)(3) of the Internal Revenue Code and, for
14 taxable years ending on or after December 31, 2008,
15 any amount included in gross income under Section 87
16 of the Internal Revenue Code; the provisions of this
17 subparagraph are exempt from the provisions of Section
18 250;

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

1 (N) An amount equal to any contribution made to a
2 job training project established pursuant to the Tax
3 Increment Allocation Redevelopment Act;

4 (O) 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 (M) of paragraph (2) of this subsection
11 shall not be eligible for the deduction provided under
12 this subparagraph (O);

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

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

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

25 (R) For taxable years 2001 and thereafter, for the
26 taxable year in which the bonus depreciation deduction

1 is taken on the taxpayer's federal income tax return
2 under subsection (k) or (n) of Section 168 of the
3 Internal Revenue Code and for each applicable taxable
4 year thereafter, an amount equal to "x", where:

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

12 (2) for taxable years ending on or before
13 December 31, 2005, "x" equals "y" multiplied by 30
14 and then divided by 70 (or "y" multiplied by
15 0.429); and

16 (3) for taxable years ending after December
17 31, 2005:

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

23 (ii) for property on which a bonus
24 depreciation deduction of 50% of the adjusted
25 basis was taken, "x" equals "y" multiplied by
26 1.0;

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

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

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

1 Section 250;

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

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

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

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

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

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

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

1 interest paid, accrued, or incurred, directly or
2 indirectly, to the same person. This subparagraph (U)
3 is exempt from the provisions of Section 250;

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

25 (W) in the case of an estate, an amount equal to
26 all amounts included in such total pursuant to the

1 provisions of Section 111 of the Internal Revenue Code
2 as a recovery of items previously deducted by the
3 decedent from adjusted gross income in the computation
4 of taxable income. This subparagraph (W) is exempt
5 from Section 250;

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

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

1 (Z) For taxable years beginning after December 31,
2 2018 ~~and before January 1, 2026~~, the amount of excess
3 business loss of the taxpayer disallowed as a
4 deduction by Section 461(1)(1)(B) of the Internal
5 Revenue Code; and

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

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

1 (d) Partnerships.

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

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

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

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

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

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

23 (D-5) For taxable years 2001 through 2025 ~~and~~
24 ~~thereafter~~, an amount equal to the bonus depreciation
25 deduction taken on the taxpayer's federal income tax
26 return for the taxable year under subsection (k) of

1 Section 168 of the Internal Revenue Code; for taxable
2 years 2026 and thereafter, an amount equal to the
3 bonus depreciation deduction taken on the taxpayer's
4 federal income tax return for the taxable year under
5 subsection (k) or (n) of Section 168 of the Internal
6 Revenue Code;

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

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

21 The taxpayer is required to make the addition
22 modification under this subparagraph only once with
23 respect to any one piece of property;

24 (D-7) An amount equal to the amount otherwise
25 allowed as a deduction in computing base income for
26 interest paid, accrued, or incurred, directly or

1 indirectly, (i) for taxable years ending on or after
2 December 31, 2004, to a foreign person who would be a
3 member of the same unitary business group but for the
4 fact the foreign person's business activity outside
5 the United States is 80% or more of the foreign
6 person's total business activity and (ii) for taxable
7 years ending on or after December 31, 2008, to a person
8 who would be a member of the same unitary business
9 group but for the fact that the person is prohibited
10 under Section 1501(a)(27) from being included in the
11 unitary business group because he or she is ordinarily
12 required to apportion business income under different
13 subsections of Section 304. The addition modification
14 required by this subparagraph shall be reduced to the
15 extent that dividends were included in base income of
16 the unitary group for the same taxable year and
17 received by the taxpayer or by a member of the
18 taxpayer's unitary business group (including amounts
19 included in gross income pursuant to Sections 951
20 through 964 of the Internal Revenue Code and amounts
21 included in gross income under Section 78 of the
22 Internal Revenue Code) with respect to the stock of
23 the same person to whom the interest was paid,
24 accrued, or incurred. For taxable years ending on and
25 after December 31, 2025, for purposes of applying this
26 paragraph in the case of a taxpayer to which Section

1 163(j) of the Internal Revenue Code applies for the
2 taxable year, the reduction in the amount of interest
3 for which a deduction is allowed by reason of Section
4 163(j) shall be treated as allocable first to persons
5 who are not foreign persons referred to in this
6 paragraph and then to such foreign persons.

7 For taxable years ending before December 31, 2025,
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 For taxable years ending on or after December 31,
19 2025, 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 if
22 the taxpayer can establish, based on a
23 preponderance of the evidence, both of the
24 following:

25 (a) the person, during the same taxable
26 year, paid, accrued, or incurred, the interest

1 to a person that is not a related member, and

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

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

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

25 (D-8) An amount equal to the amount of intangible
26 expenses and costs otherwise allowed as a deduction in

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

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

18 For taxable years ending on or after December 31,
19 2025, this paragraph shall not apply to the following:

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

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

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

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

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

26 For taxable years ending on or after December 31,

1 2025, this paragraph shall not apply to the following:

2 (i) 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 (ii) 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 otherwise
3 allowed under Section 404 of this Act for any tax year
4 beginning after the effective date of this amendment
5 provided such adjustment is made pursuant to
6 regulation adopted by the Department and such
7 regulations provide methods and standards by which the
8 Department will utilize its authority under Section
9 404 of this Act;

10 (D-9) 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(d) (2) (D-7) or Section 203(d) (2) (D-8) of this Act;

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

14 (D-11) For taxable years ending on or after
15 December 31, 2017, an amount equal to the deduction
16 allowed under Section 199 of the Internal Revenue Code
17 for the taxable year;

18 (D-12) the amount that is claimed as a federal
19 deduction when computing the taxpayer's federal
20 taxable income for the taxable year and that is
21 attributable to an endowment gift for which the
22 taxpayer receives a credit under the Illinois Gives
23 Tax Credit Act;

24 and by deducting from the total so obtained the following
25 amounts:

26 (E) The valuation limitation amount;

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 all amounts included in
5 taxable income as modified by subparagraphs (A), (B),
6 (C) and (D) which are exempt from taxation by this
7 State either by reason of its statutes or Constitution
8 or by reason of the Constitution, treaties or statutes
9 of the United States; provided that, in the case of any
10 statute of this State that exempts income derived from
11 bonds or other obligations from the tax imposed under
12 this Act, the amount exempted shall be the interest
13 net of bond premium amortization;

14 (H) Any income of the partnership which
15 constitutes personal service income as defined in
16 Section 1348(b)(1) of the Internal Revenue Code (as in
17 effect December 31, 1981) or a reasonable allowance
18 for compensation paid or accrued for services rendered
19 by partners to the partnership, whichever is greater;
20 this subparagraph (H) is exempt from the provisions of
21 Section 250;

22 (I) An amount equal to all amounts of income
23 distributable to an entity subject to the Personal
24 Property Tax Replacement Income Tax imposed by
25 subsections (c) and (d) of Section 201 of this Act
26 including amounts distributable to organizations

1 exempt from federal income tax by reason of Section
2 501(a) of the Internal Revenue Code; this subparagraph
3 (I) is exempt from the provisions of Section 250;

4 (J) With the exception of any amounts subtracted
5 under subparagraph (G), an amount equal to the sum of
6 all amounts disallowed as deductions by (i) Sections
7 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
8 and all amounts of expenses allocable to interest and
9 disallowed as deductions by Section 265(a)(1) of the
10 Internal Revenue Code; and (ii) for taxable years
11 ending on or after August 13, 1999, Sections
12 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
13 Internal Revenue Code, plus, (iii) for taxable years
14 ending on or after December 31, 2011, Section
15 45G(e)(3) of the Internal Revenue Code and, for
16 taxable years ending on or after December 31, 2008,
17 any amount included in gross income under Section 87
18 of the Internal Revenue Code; the provisions of this
19 subparagraph are exempt from the provisions of Section
20 250;

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

1 Zone or zones. This subparagraph (K) is exempt from
2 the provisions of Section 250;

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

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

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

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

26 (1) "y" equals the amount of the depreciation

1 deduction taken for the taxable year on the
2 taxpayer's federal income tax return on property
3 for which the bonus depreciation deduction was
4 taken in any year under subsection (k) or (n) of
5 Section 168 of the Internal Revenue Code, but not
6 including the bonus depreciation deduction;

7 (2) for taxable years ending on or before
8 December 31, 2005, "x" equals "y" multiplied by 30
9 and then divided by 70 (or "y" multiplied by
10 0.429); and

11 (3) for taxable years ending after December
12 31, 2005:

13 (i) for property on which a bonus
14 depreciation deduction of 30% of the adjusted
15 basis was taken, "x" equals "y" multiplied by
16 30 and then divided by 70 (or "y" multiplied
17 by 0.429);

18 (ii) for property on which a bonus
19 depreciation deduction of 50% of the adjusted
20 basis was taken, "x" equals "y" multiplied by
21 1.0;

22 (iii) for property on which a bonus
23 depreciation deduction of 100% of the adjusted
24 basis was taken in a taxable year ending on or
25 after December 31, 2021, "x" equals the
26 depreciation deduction that would be allowed

1 on that property if the taxpayer had made the
2 election under Section 168(k)(7) or Section
3 168(n)(6) of the Internal Revenue Code to not
4 claim bonus depreciation on that property; and

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

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

23 (P) If the taxpayer sells, transfers, abandons, or
24 otherwise disposes of property for which the taxpayer
25 was required in any taxable year to make an addition
26 modification under subparagraph (D-5), then an amount

1 equal to that addition modification.

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

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

12 This subparagraph (P) is exempt from the
13 provisions of Section 250;

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

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

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

25 (S) An amount equal to the income from intangible
26 property taken into account for the taxable year (net

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

20 (T) For taxable years ending on or after December
21 31, 2011, in the case of a taxpayer who was required to
22 add back any insurance premiums under Section
23 203(d)(2)(D-9), such taxpayer may elect to subtract
24 that part of a reimbursement received from the
25 insurance company equal to the amount of the expense
26 or loss (including expenses incurred by the insurance

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

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

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

24 (1) In general. Subject to the provisions of paragraph

25 (2) and subsection (b) (3), for purposes of this Section

1 and Section 803(e), a taxpayer's gross income, adjusted
2 gross income, or taxable income for the taxable year shall
3 mean the amount of gross income, adjusted gross income or
4 taxable income properly reportable for federal income tax
5 purposes for the taxable year under the provisions of the
6 Internal Revenue Code. Taxable income may be less than
7 zero. However, for taxable years ending on or after
8 December 31, 1986, net operating loss carryforwards from
9 taxable years ending prior to December 31, 1986, may not
10 exceed the sum of federal taxable income for the taxable
11 year before net operating loss deduction, plus the excess
12 of addition modifications over subtraction modifications
13 for the taxable year. For taxable years ending prior to
14 December 31, 1986, taxable income may never be an amount
15 in excess of the net operating loss for the taxable year as
16 defined in subsections (c) and (d) of Section 172 of the
17 Internal Revenue Code, provided that when taxable income
18 of a corporation (other than a Subchapter S corporation),
19 trust, or estate is less than zero and addition
20 modifications, other than those provided by subparagraph
21 (E) of paragraph (2) of subsection (b) for corporations or
22 subparagraph (E) of paragraph (2) of subsection (c) for
23 trusts and estates, exceed subtraction modifications, an
24 addition modification must be made under those
25 subparagraphs for any other taxable year to which the
26 taxable income less than zero (net operating loss) is

1 applied under Section 172 of the Internal Revenue Code or
2 under subparagraph (E) of paragraph (2) of this subsection
3 (e) applied in conjunction with Section 172 of the
4 Internal Revenue Code.

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

8 (A) Certain life insurance companies. In the case
9 of a life insurance company subject to the tax imposed
10 by Section 801 of the Internal Revenue Code, life
11 insurance company taxable income, plus the amount of
12 distribution from pre-1984 policyholder surplus
13 accounts as calculated under Section 815a of the
14 Internal Revenue Code;

15 (B) Certain other insurance companies. In the case
16 of mutual insurance companies subject to the tax
17 imposed by Section 831 of the Internal Revenue Code,
18 insurance company taxable income;

19 (C) Regulated investment companies. In the case of
20 a regulated investment company subject to the tax
21 imposed by Section 852 of the Internal Revenue Code,
22 investment company taxable income;

23 (D) Real estate investment trusts. In the case of
24 a real estate investment trust subject to the tax
25 imposed by Section 857 of the Internal Revenue Code,
26 real estate investment trust taxable income;

1 (E) Consolidated corporations. In the case of a
2 corporation which is a member of an affiliated group
3 of corporations filing a consolidated income tax
4 return for the taxable year for federal income tax
5 purposes, taxable income determined as if such
6 corporation had filed a separate return for federal
7 income tax purposes for the taxable year and each
8 preceding taxable year for which it was a member of an
9 affiliated group. For purposes of this subparagraph,
10 the taxpayer's separate taxable income shall be
11 determined as if the election provided by Section
12 243(b)(2) of the Internal Revenue Code had been in
13 effect for all such years;

14 (F) Cooperatives. In the case of a cooperative
15 corporation or association, the taxable income of such
16 organization determined in accordance with the
17 provisions of Section 1381 through 1388 of the
18 Internal Revenue Code, but without regard to the
19 prohibition against offsetting losses from patronage
20 activities against income from nonpatronage
21 activities; except that a cooperative corporation or
22 association may make an election to follow its federal
23 income tax treatment of patronage losses and
24 nonpatronage losses. In the event such election is
25 made, such losses shall be computed and carried over
26 in a manner consistent with subsection (a) of Section

1 207 of this Act and apportioned by the apportionment
2 factor reported by the cooperative on its Illinois
3 income tax return filed for the taxable year in which
4 the losses are incurred. The election shall be
5 effective for all taxable years with original returns
6 due on or after the date of the election. In addition,
7 the cooperative may file an amended return or returns,
8 as allowed under this Act, to provide that the
9 election shall be effective for losses incurred or
10 carried forward for taxable years occurring prior to
11 the date of the election. Once made, the election may
12 only be revoked upon approval of the Director. The
13 Department shall adopt rules setting forth
14 requirements for documenting the elections and any
15 resulting Illinois net loss and the standards to be
16 used by the Director in evaluating requests to revoke
17 elections. Public Act 96-932 is declaratory of
18 existing law;

19 (G) Subchapter S corporations. In the case of: (i)
20 a Subchapter S corporation for which there is in
21 effect an election for the taxable year under Section
22 1362 of the Internal Revenue Code, the taxable income
23 of such corporation determined in accordance with
24 Section 1363(b) of the Internal Revenue Code, except
25 that taxable income shall take into account those
26 items which are required by Section 1363(b)(1) of the

1 Internal Revenue Code to be separately stated; and
2 (ii) a Subchapter S corporation for which there is in
3 effect a federal election to opt out of the provisions
4 of the Subchapter S Revision Act of 1982 and have
5 applied instead the prior federal Subchapter S rules
6 as in effect on July 1, 1982, the taxable income of
7 such corporation determined in accordance with the
8 federal Subchapter S rules as in effect on July 1,
9 1982; and

10 (H) Partnerships. In the case of a partnership,
11 taxable income determined in accordance with Section
12 703 of the Internal Revenue Code, except that taxable
13 income shall take into account those items which are
14 required by Section 703(a)(1) to be separately stated
15 but which would be taken into account by an individual
16 in calculating his taxable income.

17 (3) Recapture of business expenses on disposition of
18 asset or business. Notwithstanding any other law to the
19 contrary, if in prior years income from an asset or
20 business has been classified as business income and in a
21 later year is demonstrated to be non-business income, then
22 all expenses, without limitation, deducted in such later
23 year and in the 2 immediately preceding taxable years
24 related to that asset or business that generated the
25 non-business income shall be added back and recaptured as
26 business income in the year of the disposition of the

1 asset or business. Such amount shall be apportioned to
2 Illinois using the greater of the apportionment fraction
3 computed for the business under Section 304 of this Act
4 for the taxable year or the average of the apportionment
5 fractions computed for the business under Section 304 of
6 this Act for the taxable year and for the 2 immediately
7 preceding taxable years.

8 (f) Valuation limitation amount.

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

12 (A) The sum of the pre-August 1, 1969 appreciation
13 amounts (to the extent consisting of gain reportable
14 under the provisions of Section 1245 or 1250 of the
15 Internal Revenue Code) for all property in respect of
16 which such gain was reported for the taxable year;
17 plus

18 (B) The lesser of (i) the sum of the pre-August 1,
19 1969 appreciation amounts (to the extent consisting of
20 capital gain) for all property in respect of which
21 such gain was reported for federal income tax purposes
22 for the taxable year, or (ii) the net capital gain for
23 the taxable year, reduced in either case by any amount
24 of such gain included in the amount determined under
25 subsection (a)(2)(F) or (c)(2)(H).

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

2 (A) If the fair market value of property referred
3 to in paragraph (1) was readily ascertainable on
4 August 1, 1969, the pre-August 1, 1969 appreciation
5 amount for such property is the lesser of (i) the
6 excess of such fair market value over the taxpayer's
7 basis (for determining gain) for such property on that
8 date (determined under the Internal Revenue Code as in
9 effect on that date), or (ii) the total gain realized
10 and reportable for federal income tax purposes in
11 respect of the sale, exchange or other disposition of
12 such property.

13 (B) If the fair market value of property referred
14 to in paragraph (1) was not readily ascertainable on
15 August 1, 1969, the pre-August 1, 1969 appreciation
16 amount for such property is that amount which bears
17 the same ratio to the total gain reported in respect of
18 the property for federal income tax purposes for the
19 taxable year, as the number of full calendar months in
20 that part of the taxpayer's holding period for the
21 property ending July 31, 1969 bears to the number of
22 full calendar months in the taxpayer's entire holding
23 period for the property.

24 (C) The Department shall prescribe such
25 regulations as may be necessary to carry out the
26 purposes of this paragraph.

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

4 (h) Legislative intention. Except as expressly provided by
5 this Section there shall be no modifications or limitations on
6 the amounts of income, gain, loss or deduction taken into
7 account in determining gross income, adjusted gross income or
8 taxable income for federal income tax purposes for the taxable
9 year, or in the amount of such items entering into the
10 computation of base income and net income under this Act for
11 such taxable year, whether in respect of property values as of
12 August 1, 1969 or otherwise.

13 (Source: P.A. 103-8, eff. 6-7-23; 103-478, eff. 1-1-24;
14 103-592, Article 10, Section 10-900, eff. 6-7-24; 103-592,
15 Article 170, Section 170-90, eff. 6-7-24; 103-605, eff.
16 7-1-24; 103-647, eff. 7-1-24; 104-6, eff. 6-16-25; 104-417,
17 eff. 8-15-25.)

18 (35 ILCS 5/701) (from Ch. 120, par. 7-701)

19 Sec. 701. Requirement and amount of withholding.

20 (a) In General. Every employer maintaining an office or
21 transacting business within this State and required under the
22 provisions of the Internal Revenue Code to withhold a tax on:

23 (1) compensation paid in this State (as determined

1 under Section 304(a)(2)(B)) to an individual; or

2 (2) payments described in subsection (b) shall deduct
3 and withhold from such compensation for each payroll
4 period (as defined in Section 3401 of the Internal Revenue
5 Code) an amount equal to the amount by which such
6 individual's compensation exceeds the proportionate part
7 of this withholding exemption (computed as provided in
8 Section 702) attributable to the payroll period for which
9 such compensation is payable multiplied by a percentage
10 equal to the percentage tax rate for individuals provided
11 in subsection (b) of Section 201.

12 (a-5) Withholding from nonresident employees. For taxable
13 years beginning on or after January 1, 2020, for purposes of
14 determining compensation paid in this State under paragraph
15 (B) of item (2) of subsection (a) of Section 304:

16 (1) If an employer maintains a time and attendance
17 system that tracks where employees perform services on a
18 daily basis, then data from the time and attendance system
19 shall be used. For purposes of this paragraph, time and
20 attendance system means a system:

21 (A) in which the employee is required, on a
22 contemporaneous basis, to record the work location for
23 every day worked outside of the State where the
24 employment duties are primarily performed; and

25 (B) that is designed to allow the employer to
26 allocate the employee's wages for income tax purposes

1 among all states in which the employee performs
2 services.

3 (2) In all other cases, the employer shall obtain a
4 written statement from the employee of the number of days
5 reasonably expected to be spent performing services in
6 this State during the taxable year. Absent the employer's
7 actual knowledge of fraud or gross negligence by the
8 employee in making the determination or collusion between
9 the employer and the employee to evade tax, the
10 certification so made by the employee and maintained in
11 the employer's books and records shall be prima facie
12 evidence and constitute a rebuttable presumption of the
13 number of days spent performing services in this State.

14 (a-10) If the compensation is paid to a loan out company,
15 as defined under Section 10 of the Film Production Services
16 Tax Credit Act of 2008, if the compensation is considered
17 compensation paid in this State under paragraph (B) of item
18 (2) of subsection (a) of Section 304, and if the compensation
19 is for in-State services performed for a production that is
20 accredited under Section 10 of the Film Production Services
21 Tax Credit Act of 2008 and commences on or after the effective
22 date of this amendatory Act of the 104th General Assembly,
23 then the production company or its authorized payroll service
24 company shall withhold tax on that compensation under this
25 Article 7 and shall withhold at the tax rate provided in
26 subsection (b) of Section 201 on all payments to loan out

1 companies for services performed in Illinois by the loan out
2 company's employees. Notwithstanding any other provision of
3 law, nonresident employees of loan out companies who perform
4 services in Illinois shall be considered taxable nonresidents
5 and shall be subject to the tax under this Act in the taxable
6 year in which the employee performs services in Illinois.

7 (b) Payment to Residents. Any payment (including
8 compensation, but not including a payment from which
9 withholding is required under Section 710 of this Act) to a
10 resident by a payor maintaining an office or transacting
11 business within this State (including any agency, officer, or
12 employee of this State or of any political subdivision of this
13 State) and on which withholding of tax is required under the
14 provisions of the Internal Revenue Code shall be deemed to be
15 compensation paid in this State by an employer to an employee
16 for the purposes of Article 7 and Section 601(b)(1) to the
17 extent such payment is included in the recipient's base income
18 and not subjected to withholding by another state.
19 Notwithstanding any other provision to the contrary, no amount
20 shall be withheld from unemployment insurance benefit payments
21 made to an individual pursuant to the Unemployment Insurance
22 Act unless the individual has voluntarily elected the
23 withholding pursuant to rules promulgated by the Director of
24 Employment Security.

25 (c) Special Definitions. Withholding shall be considered
26 required under the provisions of the Internal Revenue Code to

1 the extent the Internal Revenue Code either requires
2 withholding or allows for voluntary withholding the payor and
3 recipient have entered into such a voluntary withholding
4 agreement. For the purposes of Article 7 and Section 1002(c)
5 the term "employer" includes any payor who is required to
6 withhold tax pursuant to this Section.

7 (d) Reciprocal Exemption. The Director may enter into an
8 agreement with the taxing authorities of any state which
9 imposes a tax on or measured by income to provide that
10 compensation paid in such state to residents of this State
11 shall be exempt from withholding of such tax; in such case, any
12 compensation paid in this State to residents of such state
13 shall be exempt from withholding. All reciprocal agreements
14 shall be subject to the requirements of Section 2505-575 of
15 the Department of Revenue Law (20 ILCS 2505/2505-575).

16 (e) Notwithstanding subsection (a)(2) of this Section, no
17 withholding is required on payments for which withholding is
18 required under Section 3405 or 3406 of the Internal Revenue
19 Code.

20 (Source: P.A. 101-585, eff. 8-26-19; 102-558, eff. 8-20-21.)

21 Section 10-15. The Film Production Services Tax Credit Act
22 of 2008 is amended by changing Sections 10 and 42 as follows:

23 (35 ILCS 16/10)

24 Sec. 10. Definitions. As used in this Act:

1 "Above-the-line spending" means all salary, wages, fees,
2 and fringe benefits paid for services performed by personnel
3 of the production that are considered above-the-line services
4 in the film and television industry, including, but not
5 limited to, services performed by a producer, executive
6 producer, co-producer, director, screenwriter, lead cast,
7 supporting cast, or day player.

8 "Accredited production" means: (i) for productions
9 commencing before May 1, 2006, a film, video, or television
10 production that has been certified by the Department in which
11 the aggregate Illinois labor expenditures included in the cost
12 of the production, in the period that ends 12 months after the
13 time principal filming or taping of the production began,
14 exceed \$100,000 for productions of 30 minutes or longer, or
15 \$50,000 for productions of less than 30 minutes; and (ii) for
16 productions commencing on or after May 1, 2006, a film, video,
17 or television production that has been certified by the
18 Department in which the Illinois production spending included
19 in the cost of production in the period that ends 12 months
20 after the time principal filming or taping of the production
21 began exceeds \$100,000 for productions of 30 minutes or longer
22 or exceeds \$50,000 for productions of less than 30 minutes.

23 "Accredited production" does not include a production that:

24 (1) is news, current events, or public programming, or
25 a program that includes weather or market reports;

26 (2) is a talk show produced for local or regional

1 markets;

2 (3) (blank);

3 (4) is a sports event or activity;

4 (5) is a gala presentation or awards show;

5 (6) is a finished production that solicits funds;

6 (7) is a production produced by a film production
7 company if records, as required by 18 U.S.C. 2257, are to
8 be maintained by that film production company with respect
9 to any performer portrayed in that single media or
10 multimedia program; or

11 (8) is a production produced primarily for industrial,
12 corporate, or institutional purposes.

13 "Accredited animated production" means an accredited
14 production in which movement and characters' performances are
15 created using a frame-by-frame technique and a significant
16 number of major characters are animated. Motion capture by
17 itself is not an animation technique.

18 "Accredited production certificate" means a certificate
19 issued by the Department certifying that the production is an
20 accredited production that meets the guidelines of this Act.

21 "Applicant" means a taxpayer that is a film production
22 company that is operating or has operated an accredited
23 production located within the State of Illinois and that (i)
24 owns the copyright in the accredited production throughout the
25 Illinois production period or (ii) has contracted directly
26 with the owner of the copyright in the accredited production

1 or a person acting on behalf of the owner to provide services
2 for the production, where the owner of the copyright is not an
3 eligible production corporation.

4 "Below-the-line spending" means salary, wages, fees, and
5 fringe benefits paid for services performed by a person in a
6 position that is off camera and who provides technical
7 services during the physical production of a film.

8 "Below-the-line spending" does not include salary, wages,
9 fees, or fringe benefits paid to a person who is a producer,
10 executive producer, co-producer, director, screenwriter, lead
11 cast, supporting cast, or day player, or who performs other
12 services that are customarily considered above-the-line
13 services in the film and television industry.

14 "Credit" means:

15 (1) for an accredited production approved by the
16 Department on or before January 1, 2005 and commencing
17 before May 1, 2006, the amount equal to 25% of the Illinois
18 labor expenditure approved by the Department. The
19 applicant is deemed to have paid, on its balance due day
20 for the year, an amount equal to 25% of its qualified
21 Illinois labor expenditure for the tax year. For Illinois
22 labor expenditures generated by the employment of
23 residents of geographic areas of high poverty or high
24 unemployment, as determined by the Department, in an
25 accredited production commencing before May 1, 2006 and
26 approved by the Department after January 1, 2005, the

1 applicant shall receive an enhanced credit of 10% in
2 addition to the 25% credit; ~~and~~

3 (2) for an accredited production commencing on or
4 after May 1, 2006 and before January 1, 2009, the amount
5 equal to:

6 (i) 20% of the Illinois production spending for
7 the taxable year; plus

8 (ii) 15% of the Illinois labor expenditures
9 generated by the employment of residents of geographic
10 areas of high poverty or high unemployment, as
11 determined by the Department; ~~and~~

12 (3) for an accredited production commencing on or
13 after January 1, 2009 and before July 1, 2025, the amount
14 equal to:

15 (i) 30% of the Illinois production spending for
16 the taxable year; plus

17 (ii) 15% of the Illinois labor expenditures
18 generated by the employment of residents of geographic
19 areas of high poverty or high unemployment, as
20 determined by the Department; and -

21 (4) for an accredited production commencing on or
22 after July 1, 2025, the amount equal to:

23 (i) 35% of the Illinois production spending for
24 the use of tangible personal property or the expenses
25 to acquire services from vendors in Illinois and for
26 Illinois labor expenditures generated by the

1 employment of Illinois residents; plus

2 (ii) 30% of the wages paid to nonresidents for
3 services performed on an accredited production,
4 subject to the limitations in Section 10; plus

5 (iii) 15% of the Illinois labor expenditures
6 generated by the employment of residents of geographic
7 areas of high poverty or high unemployment, as
8 determined by the Department; plus

9 (iv) 5% of the Illinois labor expenditures
10 generated by the employment of Illinois residents for
11 services performed for an accredited production in one
12 or more Illinois counties outside of Cook, DuPage,
13 Kane, Lake, McHenry, and Will Counties; plus

14 (v) 5% of the Illinois production spending for
15 television series relocating to Illinois from another
16 jurisdiction. To qualify under this subparagraph (v),
17 the production must be a television series in which
18 all prior seasons of the series were filmed outside of
19 Illinois; plus

20 (vi) 5% of the Illinois production spending for
21 productions certified as green by the Department.

22 "Department" means the Department of Commerce and Economic
23 Opportunity.

24 "Director" means the Director of Commerce and Economic
25 Opportunity.

26 "Fair market value" means:

1 (1) for unrelated parties, the value established
2 through comparable transactions between unrelated parties
3 for substantially similar goods and services considering
4 the geographic market and other pertinent variables as
5 specified by the Department by rule; and

6 (2) for related parties, the value established through
7 the related party's historical dealings with unrelated
8 parties or established by comparable transactions between
9 other unrelated parties for substantially similar goods
10 and services considering the geographic market and other
11 pertinent variables as specified by the Department by
12 rule.

13 "Illinois labor expenditure" means salary or wages paid to
14 employees of the applicant for services on the accredited
15 production, subject to the following limitations: -

16 ~~To qualify as an Illinois labor expenditure, the~~
17 ~~expenditure must be:~~

18 (1) The expenditure must be reasonable ~~Reasonable~~ in
19 the circumstances.

20 (2) The expenditure must be included ~~Included~~ in the
21 federal income tax basis of the property.

22 (3) The expenditure must be incurred ~~Incurred~~ by the
23 applicant for services on or after January 1, 2004.

24 (4) The expenditure must be incurred ~~Incurred~~ for the
25 production stages of the accredited production, from the
26 final script stage to the end of the post-production

1 stage.

2 (5) The expenditure is limited ~~limited~~ to the first
3 \$25,000 of wages paid or incurred to each employee of a
4 production commencing before May 1, 2006 and the first
5 \$100,000 of wages paid or incurred to each employee of a
6 production commencing on or after May 1, 2006 and prior to
7 July 1, 2022. For productions commencing on or after July
8 1, 2022, the expenditure is limited to the first \$500,000
9 of wages paid or incurred to each eligible nonresident or
10 resident employee of a production company or loan out
11 company that provides in-State services to a production,
12 whether those wages are paid or incurred by the production
13 company, loan out company, or both, subject to withholding
14 payments provided for in Article 7 of the Illinois Income
15 Tax Act, including, for accredited productions commencing
16 on or after the effective date of this amendatory Act of
17 the 104th General Assembly, amounts withheld under
18 subsection (a-10) of Section 701 of the Illinois Income
19 Tax Act. For purposes of calculating Illinois labor
20 expenditures for a television series, the eligible
21 nonresident wage limitations provided under this
22 subparagraph are applied per episode to the entire season.
23 For the purpose of this paragraph (5), an eligible
24 nonresident is a nonresident whose wages qualify as an
25 Illinois labor expenditure under the provisions of
26 paragraphs ~~paragraph~~ (9) through (9.3) that apply to that

1 production.

2 (6) For a production commencing before May 1, 2006,
3 Illinois labor expenditures are exclusive of the salary or
4 wages paid to or incurred for the 2 highest paid employees
5 of the production.

6 (7) The expenditure must be directly ~~Directly~~
7 attributable to the accredited production.

8 (8) (Blank).

9 (8.5) For a production commencing on or after July 1,
10 2025, subject to the other limitations of this definition,
11 wages paid to no more than 2 executive producers per
12 accredited production may be considered Illinois labor
13 expenditures. Notwithstanding that limitation, if an
14 executive producer receives compensation for another
15 position on the accredited production for services
16 performed, including, but not limited to, writing
17 services, and that compensation is otherwise considered an
18 Illinois labor expenditure under the provisions of this
19 definition, then, subject to the other limitations of this
20 definition, that person's salary or wages may be
21 considered an Illinois labor expenditure, and that person
22 shall not be considered one of the 2 executive producers
23 for the purposes of the limitation under this paragraph
24 (8.5). In addition, line producers are not subject to the
25 2-producer limit of this paragraph (8.5). As used in this
26 paragraph (8.5), the term "executive producer" means a

1 person who is responsible for overseeing the creative and
2 managerial process of an accredited production. As used in
3 this paragraph (8.5), the term "line producer" means a
4 person who is responsible for the day-to-day operational
5 management of the accredited production.

6 (9) Prior to July 1, 2022, the expenditure must be
7 paid to persons resident in Illinois at the time the
8 payments were made. For a production commencing on or
9 after July 1, 2022, subject to the limitations of
10 paragraphs (9.1) through (9.3), the expenditure may be
11 paid to a person who is a ~~persons~~ resident in Illinois at
12 the time the payment is made or to a person who is a
13 nonresident and nonresidents at the time the payment is
14 ~~payments were~~ made.

15 (9.1) For purposes of paragraph (9) ~~this subparagraph,~~
16 if the production is accredited by the Department before
17 the effective date of this amendatory Act of the 102nd
18 General Assembly, only wages paid to nonresidents working
19 in the following positions shall be considered Illinois
20 labor expenditures: Writer, Director, Director of
21 Photography, Production Designer, Costume Designer,
22 Production Accountant, VFX Supervisor, Editor, Composer,
23 and Actor, subject to the limitations set forth under this
24 subparagraph. For an accredited Illinois production
25 spending of \$25,000,000 or less, no more than 2
26 nonresident actors' wages shall qualify as an Illinois

1 labor expenditure. For an accredited production with
2 Illinois production spending of more than \$25,000,000, no
3 more than 4 nonresident actor's wages shall qualify as
4 Illinois labor expenditures.

5 (9.2) For purposes of paragraph (9) ~~this subparagraph~~,
6 if the production is accredited by the Department on or
7 after the effective date of this amendatory Act of the
8 102nd General Assembly and before July 1, 2025, wages paid
9 to nonresidents shall qualify as Illinois labor
10 expenditures only under the following conditions:

11 (A) the nonresident must be employed in a
12 qualified position;

13 (B) for each of those accredited productions, the
14 wages of not more than 9 nonresidents who are employed
15 in a qualified position other than Actor shall qualify
16 as Illinois labor expenditures;

17 (C) for an accredited production with Illinois
18 production spending of \$25,000,000 or less, no more
19 than 2 nonresident actors' wages shall qualify as
20 Illinois labor expenditures; and

21 (D) for an accredited production with Illinois
22 production spending of more than \$25,000,000, no more
23 than 4 nonresident actors' wages shall qualify as
24 Illinois labor expenditures.

25 As used in this paragraph (9.2) ~~(9)~~, "qualified
26 position" means: Writer, Director, Director of

1 Photography, Production Designer, Costume Designer,
2 Production Accountant, VFX Supervisor, Editor, Composer,
3 or Actor.

4 (9.3) For the purposes of paragraph (9), in the case
5 of a production that commences on or after July 1, 2025,
6 wages paid to nonresidents shall qualify as Illinois labor
7 expenditures only under the following conditions:

8 (A) the wages of not more than 13 nonresidents who
9 are selected by the accredited production and employed
10 in a position other than Actor shall qualify as
11 Illinois labor expenditures;

12 (B) for an accredited production with Illinois
13 production spending of less than \$20,000,000, no more
14 than 4 nonresident actors' wages shall qualify as
15 Illinois labor expenditures; and

16 (C) for an accredited production with Illinois
17 production spending of more than \$20,000,000 and less
18 than \$40,000,000, no more than 5 nonresident actors'
19 wages shall qualify as Illinois labor expenditures;
20 and

21 (D) for an accredited production with Illinois
22 production spending of \$40,000,000 or more, no more
23 than 6 nonresident actors' wages shall qualify as
24 Illinois labor expenditures.

25 (10) Paid for services rendered in Illinois.

26 For a production commencing on or after the effective date

1 of this amendatory Act of the 104th General Assembly,
2 "Illinois labor expenditure" does not include:

3 (1) above-the-line spending exceeding 40% of the total
4 Illinois production spending for the production, unless
5 the Department determines, through a process specified by
6 administrative rule, that inclusion as an Illinois labor
7 expenditure of above-the-line spending for the production
8 in an amount that exceeds 40% of the production's total
9 Illinois production spending is necessary for the
10 production to meet the conditions set forth in subsection
11 (a) of Section 30;

12 (2) above-the-line spending paid to related parties
13 that exceeds, in the aggregate, 12% of the total Illinois
14 production spending for the production; or

15 (3) below-the-line spending paid to a related party
16 that exceeds the fair market value of the transaction.

17 "Illinois production spending" means the expenses incurred
18 by the applicant for an accredited production that are
19 reasonable under the circumstances, but does not include any
20 monetary prize or the cost of any non-monetary prize awarded
21 pursuant to a production in respect of a game, questionnaire,
22 or contest. "Illinois production spending" includes, without
23 limitation, unless otherwise specified in this definition, all
24 of the following:

25 (1) expenses to purchase, from vendors within
26 Illinois, tangible personal property that is used in the

1 accredited production;

2 (2) expenses to acquire services, from vendors in
3 Illinois, for film production, editing, or processing;

4 (2.1) airfare, if purchased from an airline domiciled
5 in Illinois;

6 (3) for a production commencing before July 1, 2022,
7 the compensation, not to exceed \$100,000 for any one
8 employee, for contractual or salaried employees who are
9 Illinois residents performing services with respect to the
10 accredited production. For a production commencing on or
11 after July 1, 2022, Illinois labor expenditure
12 compensation, not to exceed \$500,000 for any one employee,
13 for contractual or salaried employees who are Illinois
14 residents or nonresident employees, subject to the
15 limitations set forth under Section 10 of this Act; and

16 (4) for a production commencing on or after the
17 effective date of this amendatory Act of the 104th General
18 Assembly, the fair market value of any transaction that
19 (i) is entered into between the taxpayer and a related
20 party or the taxpayer and an unrelated party, (ii) is for
21 the accredited production, and (iii) has terms that
22 reflect the fair market value of the transaction.

23 "Loan out company" means a personal service corporation or
24 other entity that is under contract with the taxpayer to
25 provide specified individual personnel, such as artists, crew,
26 actors, producers, or directors for the performance of

1 services used directly in a production. "Loan out company"
2 does not include entities contracted with by the taxpayer to
3 provide goods or ancillary contractor services such as
4 catering, construction, trailers, equipment, or
5 transportation.

6 "Qualified production facility" means stage facilities in
7 the State in which television shows and films are or are
8 intended to be regularly produced and that contain at least
9 one sound stage of at least 15,000 square feet.

10 "Related party" means a party that is deemed to be related
11 to the taxpayer by common ownership or control according to
12 generally accepted accounting standards and generally accepted
13 accounting principles.

14 "Unrelated party" means a party that is not a related
15 party with respect to the taxpayer.

16 The Department shall adopt rules to implement the changes
17 made to this Section within one year after the effective date
18 of this amendatory Act of the 104th General Assembly.

19 (Source: P.A. 103-595, eff. 6-26-24; 104-6, eff. 6-16-25.)

20 (35 ILCS 16/42)

21 Sec. 42. Sunset of credits. The application of credits
22 awarded pursuant to this Act shall be limited by a reasonable
23 and appropriate sunset date. A taxpayer shall not be awarded
24 any new credits pursuant to this Act for tax years beginning on
25 or after January 1, 2039 ~~2033~~.

1 (Source: P.A. 101-178, eff. 8-1-19; 102-700, eff. 4-19-22;
2 102-1125, eff. 2-3-23.)

3 ARTICLE 99

4 Section 99-99. Effective date. This Act takes effect upon
5 becoming law.