



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB2325

Introduced 2/7/2025, by Sen. Robert F. Martwick

SYNOPSIS AS INTRODUCED:

805 ILCS 5/14.35	from Ch. 32, par. 14.35
805 ILCS 5/15.90	from Ch. 32, par. 15.90
805 ILCS 5/16.05	from Ch. 32, par. 16.05

Amends the Business Corporation Act of 1983. In provisions concerning the franchise tax, provides that the rate of penalties and interest on any franchise tax or fee, for which the Secretary of State provides written notice of the amount of penalties and interest owed to a corporation on or after January 1, 2026, shall be the rate of interest established under specified provisions of the Illinois Income Tax Act, and no other penalties or interest shall be imposed or charged to a corporation. Makes changes in provisions concerning the statute of limitations. Makes changes that are declaratory of existing law. Effective immediately.

LRB104 10384 SPS 20459 b

1 AN ACT concerning business.

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

4 Section 5. The Business Corporation Act of 1983 is amended
5 by changing Sections 14.35, 15.90, and 16.05 as follows:

6 (805 ILCS 5/14.35) (from Ch. 32, par. 14.35)

7 Sec. 14.35. Report following merger or consolidation.

8 (a) Whenever a domestic corporation or a foreign
9 corporation authorized to transact business in this State is
10 the surviving corporation in a statutory merger or whenever a
11 domestic corporation is the new corporation in a
12 consolidation, it shall, within 60 days after the effective
13 date of the event, if the effective date occurs after both
14 December 31, 1990 and the last day of the third month
15 immediately preceding its anniversary month in 1991, execute
16 and file in accordance with Section 1.10 of this Act, a report
17 setting forth:

18 (1) The name of the corporation and the state or
19 country under the laws of which it is organized.

20 (2) A description of the merger or consolidation.

21 (3) A statement itemized by classes and series, if
22 any, within a class of the aggregate number of issued
23 shares of the corporation as last reported to the

1 Secretary of State in any document required to be filed by
2 this Act, other than an annual report, interim annual
3 report, or final transition annual report.

4 (4) A statement itemized by classes and series, if
5 any, within a class of the aggregate number of issued
6 shares of the corporation after giving effect to the
7 change.

8 (5) A statement, expressed in dollars, of the amount
9 of paid-in capital of the corporation as last reported to
10 the Secretary of State in any document required to be
11 filed by this Act, other than an annual report, interim
12 annual report, or final transition annual report.

13 (6) A statement, expressed in dollars, of the amount
14 of paid-in capital of the corporation after giving effect
15 to the merger or consolidation, which amount, except as
16 provided in subsection (f) of Section 9.20 of this Act:
17 (1) τ must be at least equal to the sum of the paid-in
18 capital amounts of the merged or consolidated corporations
19 before the event; or (2) in the case of a statutory merger,
20 must be calculated using the aggregation rule method.

21 The changes in this paragraph made by this amendatory
22 Act of the 104th are declarative of existing law.

23 (7) Additional information concerning each of the
24 constituent corporations that was a party to a merger or
25 consolidation as may be necessary or appropriate to verify
26 the proper amount of fees and franchise taxes payable by

1 the corporation.

2 (b) The report shall be made on forms prescribed and
3 furnished by the Secretary of State.

4 (Source: P.A. 91-464, eff. 1-1-00; 92-33, eff. 7-1-01.)

5 (805 ILCS 5/15.90) (from Ch. 32, par. 15.90)

6 Sec. 15.90. Statute of limitations.

7 (a) Except as otherwise provided in this Section and
8 notwithstanding anything to the contrary contained in any
9 other Section of this Act, no domestic corporation or foreign
10 corporation shall be obligated to pay any ~~annual~~ franchise
11 tax, fee, or penalty or interest thereon imposed under this
12 Act, nor shall any administrative or judicial sanction
13 (including dissolution) be imposed or enforced nor access to
14 the courts of this State be denied based upon nonpayment
15 thereof more than 7 years after the date of filing the annual
16 report with respect to the period during which the obligation
17 for the tax, fee, penalty or interest arose, unless:

18 (1) within that 7 year period the Secretary of State
19 sends a written notice to the corporation to the effect
20 that:

21 (A) administrative or judicial action to dissolve
22 the corporation or revoke its authority for nonpayment
23 of a tax, fee, penalty or interest has been commenced;
24 or

25 (B) ~~the corporation has submitted a report but has~~

1 ~~failed to pay a tax, fee, penalty or interest required~~
2 ~~to be paid therewith; or (C) a report with respect to~~
3 an event or action giving rise to an obligation to pay
4 a tax, fee, penalty or interest is required but has not
5 been filed, ~~or has been filed and is in error or~~
6 ~~incomplete; or~~

7 (2) the annual report by the corporation was filed
8 with fraudulent intent to evade taxes payable under this
9 Act.

10 A corporation nonetheless shall be required to pay the
11 annual franchise ~~all~~ taxes that would have been payable during
12 the most recent 7 year period due to a previously unreported
13 increase in paid-in capital that occurred prior to that 7 year
14 period ~~and interest and penalties thereon for that period,~~
15 ~~except that, from February 1, 2008 through March 15, 2008,~~
16 ~~with respect to any corporation that participates in the~~
17 ~~Franchise Tax and License Fee Amnesty Act of 2007, the~~
18 ~~corporation shall be only required to pay all taxes that would~~
19 ~~have been payable during the most recent 4 year period due to a~~
20 ~~previously unreported increase in paid-in capital that~~
21 ~~occurred prior to that 7 year period.~~

22 (b) If within 2 years following a change in control of a
23 corporation the corporation voluntarily pays in good faith all
24 known obligations of the corporation imposed by this Article
25 15 with respect to reports that were required to have been
26 filed since the beginning of the 7 year period ending on the

1 effective date of the change in control, no action shall be
2 taken to enforce or collect obligations of that corporation
3 imposed by this Article 15 with respect to reports that were
4 required to have been filed prior to that 7 year period
5 regardless of whether the limitation period set forth in
6 subsection (a) is otherwise applicable. For purposes of this
7 subsection (b), a change in control means a transaction, or a
8 series of transactions consummated within a period of 180
9 consecutive days, as a result of which a person which owned
10 less than 10% of the shares having the power to elect directors
11 of the corporation acquires shares such that the person
12 becomes the holder of 80% or more of the shares having such
13 power. For purposes of this subsection (b) a person means any
14 natural person, corporation, partnership, trust or other
15 entity together with all other persons controlled by,
16 controlling or under common control with such person.

17 (c) Except as otherwise provided in this Section and
18 notwithstanding anything to the contrary contained in any
19 other Section of this Act, no ~~foreign~~ corporation ~~that has not~~
20 ~~previously obtained authority under this Act~~ shall, upon
21 voluntary application for authority filed with the Secretary
22 of State prior to January 1, 2001, be obligated to pay any tax,
23 fee, penalty, or interest imposed under this Act, nor shall
24 any administrative or judicial sanction be imposed or enforced
25 based upon nonpayment thereof with respect to a period during
26 which the obligation arose that is prior to January 1, 1993

1 unless: (1) prior to receipt of the application for authority
2 the Secretary of State had sent written notice to the
3 corporation regarding its failure to obtain an application for
4 authority; or 7 (2) ~~the corporation had submitted an~~
5 ~~application for authority previously but had failed to pay any~~
6 ~~tax, fee, penalty or interest to be paid therewith, or (3) the~~
7 application for authority was submitted by the corporation
8 with fraudulent intent to evade taxes payable under this Act.
9 ~~A corporation nonetheless shall be required to pay all taxes~~
10 ~~and fees due under this Act that would have been payable since~~
11 ~~January 1, 1993 as a result of commencing the transaction of~~
12 ~~its business in this State and interest thereon for that~~
13 ~~period.~~

14 (Source: P.A. 95-233, eff. 8-16-07; 95-707, eff. 1-11-08;
15 96-66, eff. 1-1-10.)

16 (805 ILCS 5/16.05) (from Ch. 32, par. 16.05)

17 Sec. 16.05. Penalties and interest imposed upon
18 corporations.

19 (a) Except as otherwise provided in subsection (k), each
20 ~~Each~~ corporation, domestic or foreign, that fails or refuses
21 to file any annual report or report of cumulative changes in
22 paid-in capital and pay any franchise tax due pursuant to the
23 report prior to the first day of its anniversary month or, in
24 the case of a corporation which has established an extended
25 filing month, the extended filing month of the corporation

1 shall pay a penalty of 10% of the amount of any delinquent
2 franchise tax due for the report. From February 1, 2008
3 through March 15, 2008, no penalty shall be imposed with
4 respect to any amount of delinquent franchise tax paid
5 pursuant to the Franchise Tax and License Fee Amnesty Act of
6 2007.

7 (b) Except as otherwise provided in subsection (k), each
8 ~~Each~~ corporation, domestic or foreign, that fails or refuses
9 to file a report of issuance of shares or increase in paid-in
10 capital within the time prescribed by this Act is subject to a
11 penalty on any obligation occurring prior to January 1, 1991,
12 and interest on those obligations on or after January 1, 1991,
13 for each calendar month or part of month that it is delinquent
14 in the amount of 2% of the amount of license fees and franchise
15 taxes provided by this Act to be paid on account of the
16 issuance of shares or increase in paid-in capital. From
17 February 1, 2008 through March 15, 2008, no penalty shall be
18 imposed, or interest charged, with respect to any amount of
19 delinquent license fees and franchise taxes paid pursuant to
20 the Franchise Tax and License Fee Amnesty Act of 2007.

21 (c) Except as otherwise provided in subsection (k), each
22 ~~Each~~ corporation, domestic or foreign, that fails or refuses
23 to file a report of cumulative changes in paid-in capital or
24 report following merger within the time prescribed by this Act
25 is subject to interest on or after January 1, 1992, for each
26 calendar month or part of month that it is delinquent, in the

1 amount of 2% of the amount of franchise taxes provided by this
2 Act to be paid on account of the issuance of shares or increase
3 in paid-in capital disclosed on the report of cumulative
4 changes in paid-in capital or report following merger, or \$1,
5 whichever is greater. From February 1, 2008 through March 15,
6 2008, no interest shall be charged with respect to any amount
7 of delinquent franchise tax paid pursuant to the Franchise Tax
8 and License Fee Amnesty Act of 2007.

9 (d) (Blank). ~~If the annual franchise tax, or the~~
10 ~~supplemental annual franchise tax for any 12 month period~~
11 ~~commencing July 1, 1968, or July 1 of any subsequent year~~
12 ~~through June 30, 1983, assessed in accordance with this Act,~~
13 ~~is not paid by July 31, it is delinquent, and there is added a~~
14 ~~penalty prior to January 1, 1991, and interest on and after~~
15 ~~January 1, 1991, of 2% for each month or part of month that it~~
16 ~~is delinquent commencing with the month of August, or \$1,~~
17 ~~whichever is greater. From February 1, 2008 through March 15,~~
18 ~~2008, no penalty shall be imposed, or interest charged, with~~
19 ~~respect to any amount of delinquent franchise taxes paid~~
20 ~~pursuant to the Franchise Tax and License Fee Amnesty Act of~~
21 ~~2007.~~

22 (e) (Blank). ~~If the supplemental annual franchise tax~~
23 ~~assessed in accordance with the provisions of this Act for the~~
24 ~~12-month period commencing July 1, 1967, is not paid by~~
25 ~~September 30, 1967, it is delinquent, and there is added a~~
26 ~~penalty prior to January 1, 1991, and interest on and after~~

1 ~~January 1, 1991, of 2% for each month or part of month that it~~
2 ~~is delinquent commencing with the month of October, 1967. From~~
3 ~~February 1, 2008 through March 15, 2008, no penalty shall be~~
4 ~~imposed, or interest charged, with respect to any amount of~~
5 ~~delinquent franchise taxes paid pursuant to the Franchise Tax~~
6 ~~and License Fee Amnesty Act of 2007.~~

7 (f) (Blank). ~~If any annual franchise tax for any period~~
8 ~~beginning on or after July 1, 1983, is not paid by the time~~
9 ~~period herein prescribed, it is delinquent and there is added~~
10 ~~a penalty prior to January 1, 1991, and interest on and after~~
11 ~~January 1, 1991, of 2% for each month or part of a month that~~
12 ~~it is delinquent commencing with the anniversary month or in~~
13 ~~the case of a corporation that has established an extended~~
14 ~~filing month, the extended filing month, or \$1, whichever is~~
15 ~~greater. From February 1, 2008 through March 15, 2008, no~~
16 ~~penalty shall be imposed, or interest charged, with respect to~~
17 ~~any amount of delinquent franchise taxes paid pursuant to the~~
18 ~~Franchise Tax and License Fee Amnesty Act of 2007.~~

19 (g) Any corporation, domestic or foreign, failing to pay
20 the prescribed fee for assumed corporate name renewal when due
21 and payable shall be given notice of nonpayment by the
22 Secretary of State by regular mail; and if the fee together
23 with a penalty fee of \$5 is not paid within 90 days after the
24 notice is mailed, the right to use the assumed name shall
25 cease.

26 (h) Any corporation which (i) puts forth any sign or

1 advertisement, assuming any name other than that by which it
2 is incorporated or otherwise authorized by law to act or (ii)
3 violates Section 3.25, shall be guilty of a Class C
4 misdemeanor and shall be deemed guilty of an additional
5 offense for each day it shall continue to so offend.

6 (i) Each corporation, domestic or foreign, that fails or
7 refuses (1) to answer truthfully and fully within the time
8 prescribed by this Act interrogatories propounded by the
9 Secretary of State in accordance with this Act or (2) to
10 perform any other act required by this Act to be performed by
11 the corporation, is guilty of a Class C misdemeanor.

12 (j) Each corporation that fails or refuses to file
13 articles of revocation of dissolution within the time
14 prescribed by this Act is subject to a penalty for each
15 calendar month or part of the month that it is delinquent in
16 the amount of \$50.

17 (k) The rate of penalties and interest on any franchise
18 tax or fee imposed under this Act, for which the Secretary of
19 State provides written notice of the amount of penalties and
20 interest owed to a corporation on or after January 1, 2026,
21 shall be the rate of interest established under Section 1003
22 of the Illinois Income Tax Act, and no other penalties or
23 interest shall be imposed or charged to a corporation.

24 (Source: P.A. 95-233, eff. 8-16-07; 95-707, eff. 1-11-08;
25 96-1121, eff. 1-1-11.)

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

1 becoming law.