



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3441

Introduced 2/4/2026, by Sen. Dave Syverson

SYNOPSIS AS INTRODUCED:

805 ILCS 5/15.35	from Ch. 32, par. 15.35
805 ILCS 5/15.65	from Ch. 32, par. 15.65
805 ILCS 5/15.90	from Ch. 32, par. 15.90
805 ILCS 5/15.97	from Ch. 32, par. 15.97

Amends the Business Corporation Act of 1983. Provides that, in the case of a domestic or foreign corporation, no payment is required for a franchise tax that would have been due and payable on and after January 1, 2029. Provides that all amounts remaining in the Corporate Franchise Tax Refund Fund shall be transferred to the General Revenue Fund no later than December 31, 2030. Makes changes in provisions concerning the statute of limitations. Repeals provisions concerning franchise taxes payable by domestic and foreign corporations on January 1, 2030. Effective immediately.

LRB104 16689 SPS 30093 b

1 AN ACT concerning business.

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

4 Section 5. The Business Corporation Act of 1983 is amended
5 by changing Sections 15.35, 15.65, 15.90, and 15.97 as
6 follows:

7 (805 ILCS 5/15.35) (from Ch. 32, par. 15.35)

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

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

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

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

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

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

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

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

9 On or after January 1, 2020 and prior to January 1, 2021,
10 the first \$30 in liability is exempt from the tax imposed under
11 this Section. On or after January 1, 2021, and prior to January
12 1, 2024, the first \$1,000 in liability is exempt from the tax
13 imposed under this Section. On or after January 1, 2024, and
14 before January 1, 2025, the first \$5,000 in liability is
15 exempt from the tax imposed under this Section. On and after
16 January 1, 2025 and before January 1, 2028, the first \$10,000
17 in liability is exempt from the tax imposed under this
18 Section. On or after January 1, 2028 and before January 1,
19 2029, the first \$100,000 in liability is exempt from the tax
20 imposed under this Section. The provisions of this Section
21 shall not require the payment of any franchise tax that would
22 otherwise have been due and payable on or after January 1,
23 2029.

24 There shall be no refunds or proration of franchise tax
25 for any taxes due and payable on or after January 1, 2029 on
26 the basis that a portion of the corporation's taxable year

1 extends beyond January 1, 2029.

2 This Section is repealed on January 1, 2030.

3 (Source: P.A. 102-16, eff. 6-17-21; 103-8, eff. 6-7-23;
4 103-592, eff. 6-7-24.)

5 (Text of Section from P.A. 102-282, 102-558, 103-8, and
6 103-592)

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

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

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

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

1 in the next succeeding calendar year.

2 (d) An annual franchise tax payable each year with the
3 annual report which the corporation is required by this
4 Act to file.

5 On or after January 1, 2020 and prior to January 1, 2021,
6 the first \$30 in liability is exempt from the tax imposed under
7 this Section. On or after January 1, 2021 and prior to January
8 1, 2024, the first \$1,000 in liability is exempt from the tax
9 imposed under this Section. On or after January 1, 2024, and
10 before January 1, 2025, the first \$5,000 in liability is
11 exempt from the tax imposed under this Section. On and after
12 January 1, 2025 and before January 1, 2028, the first \$10,000
13 in liability is exempt from the tax imposed under this
14 Section. On or after January 1, 2028 and before January 1,
15 2029, the first \$100,000 in liability is exempt from the tax
16 imposed under this Section. The provisions of this Section
17 shall not require the payment of any franchise tax that would
18 otherwise have been due and payable on or after January 1,
19 2029.

20 There shall be no refunds or proration of franchise tax
21 for any taxes due and payable on or after January 1, 2029 on
22 the basis that a portion of the corporation's taxable year
23 extends beyond January 1, 2029.

24 This Section is repealed on January 1, 2030.

25 (Source: P.A. 102-282, eff. 1-1-22; 102-558, eff. 8-20-21;
26 103-8, eff. 6-7-23; 103-592, eff. 6-7-24.)

1 (805 ILCS 5/15.65) (from Ch. 32, par. 15.65)

2 Sec. 15.65. Franchise taxes payable by foreign
3 corporations. For the privilege of exercising its authority to
4 transact such business in this State as set out in its
5 application therefor or any amendment thereto, each foreign
6 corporation shall pay to the Secretary of State the following
7 franchise taxes, computed on the basis, at the rates and for
8 the periods prescribed in this Act:

9 (a) An initial franchise tax at the time of filing its
10 application for authority to transact business in this
11 State.

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

23 (c) Whenever the corporation shall be a party to a
24 statutory merger and shall be the surviving corporation,
25 an additional franchise tax at the time of filing its

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

24 (d) An annual franchise tax payable each year with any
25 annual report which the corporation is required by this
26 Act to file.

1 On or after January 1, 2020 and prior to January 1, 2021,
2 the first \$30 in liability is exempt from the tax imposed under
3 this Section. On or after January 1, 2021 and before January 1,
4 2024, the first \$1,000 in liability is exempt from the tax
5 imposed under this Section. On and after January 1, 2024 and
6 before January 1, 2025, the first \$5,000 in liability is
7 exempt from the tax imposed under this Section. On and after
8 January 1, 2025 and before January 1, 2028, the first \$10,000
9 in liability is exempt from the tax imposed under this
10 Section. On or after January 1, 2028 and before January 1,
11 2029, the first \$100,000 in liability is exempt from the tax
12 imposed under this Section. The provisions of this Section
13 shall not require the payment of any franchise tax that would
14 otherwise have been due and payable on or after January 1,
15 2029.

16 There shall be no refunds or proration of franchise tax
17 for any taxes due and payable on or after January 1, 2029 on
18 the basis that a portion of the corporation's taxable year
19 extends beyond January 1, 2029.

20 This Section is repealed on January 1, 2030.

21 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;
22 102-813, eff. 5-13-22; 103-592, eff. 6-7-24.)

23 (805 ILCS 5/15.90) (from Ch. 32, par. 15.90)

24 Sec. 15.90. Statute of limitations.

25 (a) Except as otherwise provided in this Section and

1 notwithstanding anything to the contrary contained in any
2 other Section of this Act, prior to January 1, 2030, no
3 domestic corporation or foreign corporation shall be obligated
4 to pay any annual franchise tax, fee, or penalty or interest
5 thereon imposed under this Act, nor shall any administrative
6 or judicial sanction (including dissolution) be imposed or
7 enforced nor access to the courts of this State be denied based
8 upon nonpayment thereof more than 7 years after the date of
9 filing the annual report with respect to the period during
10 which the obligation for the tax, fee, penalty or interest
11 arose, unless (1) within that 7 year period the Secretary of
12 State sends a written notice to the corporation to the effect
13 that (A) administrative or judicial action to dissolve the
14 corporation or revoke its authority for nonpayment of a tax,
15 fee, penalty or interest has been commenced; or (B) the
16 corporation has submitted a report but has failed to pay a tax,
17 fee, penalty or interest required to be paid therewith; or (C)
18 a report with respect to an event or action giving rise to an
19 obligation to pay a tax, fee, penalty or interest is required
20 but has not been filed, or has been filed and is in error or
21 incomplete; or (2) the annual report by the corporation was
22 filed with fraudulent intent to evade taxes payable under this
23 Act. A corporation nonetheless shall be required to pay all
24 taxes that would have been payable during the most recent 7
25 year period due to a previously unreported increase in paid-in
26 capital that occurred prior to that 7 year period and interest

1 and penalties thereon for that period, except that, from
2 February 1, 2008 through March 15, 2008, with respect to any
3 corporation that participates in the Franchise Tax and License
4 Fee Amnesty Act of 2007, the corporation shall be only
5 required to pay all taxes that would have been payable during
6 the most recent 4 year period due to a previously unreported
7 increase in paid-in capital that occurred prior to that 7 year
8 period. Beginning January 1, 2030, no domestic corporation or
9 foreign corporation shall be obligated to pay any annual
10 franchise tax, fee, or penalty or interest thereon imposed
11 under this Act, nor shall any administrative or judicial
12 sanction (including dissolution) be imposed or enforced nor
13 access to the courts of this State be denied based upon
14 nonpayment thereof more than 7 years after the date of filing
15 the annual report with respect to the period during which the
16 obligation for the tax, fee, penalty or interest arose.

17 (b) If within 2 years following a change in control of a
18 corporation the corporation voluntarily pays in good faith all
19 known obligations of the corporation imposed by this Article
20 15 with respect to reports that were required to have been
21 filed since the beginning of the 7 year period ending on the
22 effective date of the change in control, no action shall be
23 taken to enforce or collect obligations of that corporation
24 imposed by this Article 15 with respect to reports that were
25 required to have been filed prior to that 7 year period
26 regardless of whether the limitation period set forth in

1 subsection (a) is otherwise applicable. For purposes of this
2 subsection (b), a change in control means a transaction, or a
3 series of transactions consummated within a period of 180
4 consecutive days, as a result of which a person which owned
5 less than 10% of the shares having the power to elect directors
6 of the corporation acquires shares such that the person
7 becomes the holder of 80% or more of the shares having such
8 power. For purposes of this subsection (b) a person means any
9 natural person, corporation, partnership, trust or other
10 entity together with all other persons controlled by,
11 controlling or under common control with such person.

12 (c) Except as otherwise provided in this Section and
13 notwithstanding anything to the contrary contained in any
14 other Section of this Act, no foreign corporation that has not
15 previously obtained authority under this Act shall, upon
16 voluntary application for authority filed with the Secretary
17 of State prior to January 1, 2001, be obligated to pay any tax,
18 fee, penalty, or interest imposed under this Act, nor shall
19 any administrative or judicial sanction be imposed or enforced
20 based upon nonpayment thereof with respect to a period during
21 which the obligation arose that is prior to January 1, 1993
22 unless (1) prior to receipt of the application for authority
23 the Secretary of State had sent written notice to the
24 corporation regarding its failure to obtain an application for
25 authority, (2) the corporation had submitted an application
26 for authority previously but had failed to pay any tax, fee,

1 penalty or interest to be paid therewith, or (3) the
2 application for authority was submitted by the corporation
3 with fraudulent intent to evade taxes payable under this Act.
4 A corporation nonetheless shall be required to pay all taxes
5 and fees due under this Act that would have been payable since
6 January 1, 1993 as a result of commencing the transaction of
7 its business in this State and interest thereon for that
8 period.

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

11 (805 ILCS 5/15.97) (from Ch. 32, par. 15.97)

12 Sec. 15.97. Corporate Franchise Tax Refund Fund.

13 (a) Beginning July 1, 1993, a percentage of the amounts
14 collected under Sections 15.35, 15.45, 15.65, and 15.75 of
15 this Act shall be deposited into the Corporate Franchise Tax
16 Refund Fund, a special Fund hereby created in the State
17 treasury. From July 1, 1993, until December 31, 1994, there
18 shall be deposited into the Fund 3% of the amounts received
19 under those Sections. Beginning January 1, 1995, and for each
20 fiscal year beginning thereafter, 2% of the amounts collected
21 under those Sections during the preceding fiscal year shall be
22 deposited into the Fund.

23 (b) Beginning July 1, 1993, moneys in the Fund shall be
24 expended exclusively for the purpose of paying refunds payable
25 because of overpayment of franchise taxes, penalties, or

1 interest under Sections 13.70, 15.35, 15.45, 15.65, 15.75, and
2 16.05 of this Act and making transfers authorized under this
3 Section. Refunds in accordance with the provisions of
4 subsections (f) and (g) of Section 1.15 and Section 1.17 of
5 this Act may be made from the Fund only to the extent that
6 amounts collected under Sections 15.35, 15.45, 15.65, and
7 15.75 of this Act have been deposited in the Fund and remain
8 available. On or before August 31 of each year, the balance in
9 the Fund in excess of \$100,000 shall be transferred to the
10 General Revenue Fund. Notwithstanding the provisions of this
11 subsection, for the period commencing on or after July 1,
12 2022, amounts in the fund shall not be transferred to the
13 General Revenue Fund and shall be used to pay refunds in
14 accordance with the provisions of this Act. Within a
15 reasonable time after December 31, 2029, but no later than
16 December 31, 2030, the Secretary of State shall direct and the
17 Comptroller shall order transferred to the General Revenue
18 Fund all amounts remaining in the Fund.

19 (c) This Act shall constitute an irrevocable and
20 continuing appropriation from the Corporate Franchise Tax
21 Refund Fund for the purpose of paying refunds upon the order of
22 the Secretary of State in accordance with the provisions of
23 this Section.

24 (d) This Section is repealed on January 1, 2031.

25 (Source: P.A. 102-282, eff. 1-1-22; 103-8, eff. 6-7-23.)

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

1 becoming law.