

HB0392



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB0392

Introduced 2/8/2021, by Rep. Martin J. Moylan

SYNOPSIS AS INTRODUCED:

35 ILCS 5/201

Amends the Illinois Income Tax Act. Provides that a taxpayer shall be allowed an income tax credit in an amount equal to 1.3% of the qualified research expenses made by the taxpayer in Illinois. Provides that the taxpayer is not required to have obtained a research and development credit with respect to his or her federal income taxes to qualify for the Illinois research and development credit.

LRB102 03939 HLH 13955 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Section 201 as follows:

6 (35 ILCS 5/201)

7 (Text of Section without the changes made by P.A. 101-8,
8 which did not take effect (see Section 99 of P.A. 101-8))

9 Sec. 201. Tax imposed.

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

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

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

1 (2) In the case of an individual, trust or estate, for
2 taxable years beginning prior to July 1, 1989 and ending
3 after June 30, 1989, an amount equal to the sum of (i) 2
4 1/2% of the taxpayer's net income for the period prior to
5 July 1, 1989, as calculated under Section 202.3, and (ii)
6 3% of the taxpayer's net income for the period after June
7 30, 1989, as calculated under Section 202.3.

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

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

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

23 (5.1) In the case of an individual, trust, or estate,
24 for taxable years beginning prior to January 1, 2015, and
25 ending after December 31, 2014, an amount equal to the sum
26 of (i) 5% of the taxpayer's net income for the period prior

1 to January 1, 2015, as calculated under Section 202.5, and
2 (ii) 3.75% of the taxpayer's net income for the period
3 after December 31, 2014, as calculated under Section
4 202.5.

5 (5.2) In the case of an individual, trust, or estate,
6 for taxable years beginning on or after January 1, 2015,
7 and ending prior to July 1, 2017, an amount equal to 3.75%
8 of the taxpayer's net income for the taxable year.

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

16 (5.4) In the case of an individual, trust, or estate,
17 for taxable years beginning on or after July 1, 2017, an
18 amount equal to 4.95% of the taxpayer's net income for the
19 taxable year.

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

23 (7) In the case of a corporation, for taxable years
24 beginning prior to July 1, 1989 and ending after June 30,
25 1989, an amount equal to the sum of (i) 4% of the
26 taxpayer's net income for the period prior to July 1,

1 1989, as calculated under Section 202.3, and (ii) 4.8% of
2 the taxpayer's net income for the period after June 30,
3 1989, as calculated under Section 202.3.

4 (8) In the case of a corporation, for taxable years
5 beginning after June 30, 1989, and ending prior to January
6 1, 2011, an amount equal to 4.8% of the taxpayer's net
7 income for the taxable year.

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

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

19 (11) In the case of a corporation, for taxable years
20 beginning prior to January 1, 2015, and ending after
21 December 31, 2014, an amount equal to the sum of (i) 7% of
22 the taxpayer's net income for the period prior to January
23 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
24 of the taxpayer's net income for the period after December
25 31, 2014, as calculated under Section 202.5.

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

1 beginning on or after January 1, 2015, and ending prior to
2 July 1, 2017, an amount equal to 5.25% of the taxpayer's
3 net income for the taxable year.

4 (13) In the case of a corporation, for taxable years
5 beginning prior to July 1, 2017, and ending after June 30,
6 2017, an amount equal to the sum of (i) 5.25% of the
7 taxpayer's net income for the period prior to July 1,
8 2017, as calculated under Section 202.5, and (ii) 7% of
9 the taxpayer's net income for the period after June 30,
10 2017, as calculated under Section 202.5.

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

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

16 (b-5) Surcharge; sale or exchange of assets, properties,
17 and intangibles of organization gaming licensees. For each of
18 taxable years 2019 through 2027, a surcharge is imposed on all
19 taxpayers on income arising from the sale or exchange of
20 capital assets, depreciable business property, real property
21 used in the trade or business, and Section 197 intangibles (i)
22 of an organization licensee under the Illinois Horse Racing
23 Act of 1975 and (ii) of an organization gaming licensee under
24 the Illinois Gambling Act. The amount of the surcharge is
25 equal to the amount of federal income tax liability for the
26 taxable year attributable to those sales and exchanges. The

1 surcharge imposed shall not apply if:

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

5 (A) bankruptcy, a receivership, or a debt
6 adjustment initiated by or against the initial
7 licensee or the substantial owners of the initial
8 licensee;

9 (B) cancellation, revocation, or termination of
10 any such license by the Illinois Gaming Board or the
11 Illinois Racing Board;

12 (C) a determination by the Illinois Gaming Board
13 that transfer of the license is in the best interests
14 of Illinois gaming;

15 (D) the death of an owner of the equity interest in
16 a licensee;

17 (E) the acquisition of a controlling interest in
18 the stock or substantially all of the assets of a
19 publicly traded company;

20 (F) a transfer by a parent company to a wholly
21 owned subsidiary; or

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

25 (2) the controlling interest in the organization
26 gaming license, organization license, or racetrack

1 property is transferred in a transaction to lineal
2 descendants in which no gain or loss is recognized or as a
3 result of a transaction in accordance with Section 351 of
4 the Internal Revenue Code in which no gain or loss is
5 recognized; or

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

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

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

1 privilege taxes imposed by this State or by any municipal
2 corporation or political subdivision thereof.

3 (d) Additional Personal Property Tax Replacement Income
4 Tax Rates. The personal property tax replacement income tax
5 imposed by this subsection and subsection (c) of this Section
6 in the case of a corporation, other than a Subchapter S
7 corporation and except as adjusted by subsection (d-1), shall
8 be an additional amount equal to 2.85% of such taxpayer's net
9 income for the taxable year, except that beginning on January
10 1, 1981, and thereafter, the rate of 2.85% specified in this
11 subsection shall be reduced to 2.5%, and in the case of a
12 partnership, trust or a Subchapter S corporation shall be an
13 additional amount equal to 1.5% of such taxpayer's net income
14 for the taxable year.

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

1 increased) to the rate at which the total amount of tax imposed
2 under this Act, net of all credits allowed under this Act,
3 shall equal (i) the total amount of tax that would be imposed
4 on the foreign insurer's net income allocable to Illinois for
5 the taxable year by such foreign insurer's state or country of
6 domicile if that net income were subject to all income taxes
7 and taxes measured by net income imposed by such foreign
8 insurer's state or country of domicile, net of all credits
9 allowed or (ii) a rate of zero if no such tax is imposed on
10 such income by the foreign insurer's state of domicile. For
11 the purposes of this subsection (d-1), an inter-affiliate
12 includes a mutual insurer under common management.

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

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

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

25 equals 1.25% for taxable years ending prior to December
26 31, 2003, or 1.75% for taxable years ending on or after

1 December 31, 2003, of the net taxable premiums written for
2 the taxable year, as described by subsection (1) of
3 Section 409 of the Illinois Insurance Code. This paragraph
4 will in no event increase the rates imposed under
5 subsections (b) and (d).

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

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

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

18 (1) A taxpayer shall be allowed a credit equal to .5%
19 of the basis of qualified property placed in service
20 during the taxable year, provided such property is placed
21 in service on or after July 1, 1984. There shall be allowed
22 an additional credit equal to .5% of the basis of
23 qualified property placed in service during the taxable
24 year, provided such property is placed in service on or
25 after July 1, 1986, and the taxpayer's base employment
26 within Illinois has increased by 1% or more over the

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

1 excess credit years if the taxpayer (i) makes investments
2 which cause the creation of a minimum of 2,000 full-time
3 equivalent jobs in Illinois, (ii) is located in an
4 enterprise zone established pursuant to the Illinois
5 Enterprise Zone Act and (iii) is certified by the
6 Department of Commerce and Community Affairs (now
7 Department of Commerce and Economic Opportunity) as
8 complying with the requirements specified in clause (i)
9 and (ii) by July 1, 1986. The Department of Commerce and
10 Community Affairs (now Department of Commerce and Economic
11 Opportunity) shall notify the Department of Revenue of all
12 such certifications immediately. For tax years ending
13 after December 31, 1988, the credit shall be allowed for
14 the tax year in which the property is placed in service,
15 or, if the amount of the credit exceeds the tax liability
16 for that year, whether it exceeds the original liability
17 or the liability as later amended, such excess may be
18 carried forward and applied to the tax liability of the 5
19 taxable years following the excess credit years. The
20 credit shall be applied to the earliest year for which
21 there is a liability. If there is credit from more than one
22 tax year that is available to offset a liability, earlier
23 credit shall be applied first.

24 (2) The term "qualified property" means property
25 which:

26 (A) is tangible, whether new or used, including

1 buildings and structural components of buildings and
2 signs that are real property, but not including land
3 or improvements to real property that are not a
4 structural component of a building such as
5 landscaping, sewer lines, local access roads, fencing,
6 parking lots, and other appurtenances;

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

12 (C) is acquired by purchase as defined in Section
13 179(d) of the Internal Revenue Code;

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

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

24 (3) For purposes of this subsection (e),
25 "manufacturing" means the material staging and production
26 of tangible personal property by procedures commonly

1 regarded as manufacturing, processing, fabrication, or
2 assembling which changes some existing material into new
3 shapes, new qualities, or new combinations. For purposes
4 of this subsection (e) the term "mining" shall have the
5 same meaning as the term "mining" in Section 613(c) of the
6 Internal Revenue Code. For purposes of this subsection
7 (e), the term "retailing" means the sale of tangible
8 personal property for use or consumption and not for
9 resale, or services rendered in conjunction with the sale
10 of tangible personal property for use or consumption and
11 not for resale. For purposes of this subsection (e),
12 "tangible personal property" has the same meaning as when
13 that term is used in the Retailers' Occupation Tax Act,
14 and, for taxable years ending after December 31, 2008,
15 does not include the generation, transmission, or
16 distribution of electricity.

17 (4) The basis of qualified property shall be the basis
18 used to compute the depreciation deduction for federal
19 income tax purposes.

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

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

1 (7) If during any taxable year, any property ceases to
2 be qualified property in the hands of the taxpayer within
3 48 months after being placed in service, or the situs of
4 any qualified property is moved outside Illinois within 48
5 months after being placed in service, the Personal
6 Property Tax Replacement Income Tax for such taxable year
7 shall be increased. Such increase shall be determined by
8 (i) recomputing the investment credit which would have
9 been allowed for the year in which credit for such
10 property was originally allowed by eliminating such
11 property from such computation and, (ii) subtracting such
12 recomputed credit from the amount of credit previously
13 allowed. For the purposes of this paragraph (7), a
14 reduction of the basis of qualified property resulting
15 from a redetermination of the purchase price shall be
16 deemed a disposition of qualified property to the extent
17 of such reduction.

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

23 (9) Each taxable year ending before December 31, 2000,
24 a partnership may elect to pass through to its partners
25 the credits to which the partnership is entitled under
26 this subsection (e) for the taxable year. A partner may

1 use the credit allocated to him or her under this
2 paragraph only against the tax imposed in subsections (c)
3 and (d) of this Section. If the partnership makes that
4 election, those credits shall be allocated among the
5 partners in the partnership in accordance with the rules
6 set forth in Section 704(b) of the Internal Revenue Code,
7 and the rules promulgated under that Section, and the
8 allocated amount of the credits shall be allowed to the
9 partners for that taxable year. The partnership shall make
10 this election on its Personal Property Tax Replacement
11 Income Tax return for that taxable year. The election to
12 pass through the credits shall be irrevocable.

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

1 (f) Investment credit; Enterprise Zone; River Edge
2 Redevelopment Zone.

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

1 placed in service, or, if the amount of the credit exceeds
2 the tax liability for that year, whether it exceeds the
3 original liability or the liability as later amended, such
4 excess may be carried forward and applied to the tax
5 liability of the 5 taxable years following the excess
6 credit year. The credit shall be applied to the earliest
7 year for which there is a liability. If there is credit
8 from more than one tax year that is available to offset a
9 liability, the credit accruing first in time shall be
10 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, there
16 shall be allowed a credit under this Section to be
17 determined in accordance with the determination of income
18 and distributive share of income under Sections 702 and
19 704 and Subchapter S of the Internal Revenue Code.

20 The total aggregate amount of credits awarded under
21 the Blue Collar Jobs Act (Article 20 of Public Act 101-9
22 ~~this amendatory Act of the 101st General Assembly~~) shall
23 not exceed \$20,000,000 in any State fiscal year.

24 This paragraph (8) is exempt from the provisions of
25 Section 250.

26 (g) (Blank).

1 (h) Investment credit; High Impact Business.

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

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

16 Changes made in this subdivision (h) (1) by Public Act
17 88-670 restore changes made by Public Act 85-1182 and
18 reflect existing law.

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

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

22 (B) is depreciable pursuant to Section 167 of the
23 Internal Revenue Code, except that "3-year property"
24 as defined in Section 168(c) (2) (A) of that Code is not
25 eligible for the credit provided by this subsection

26 (h);

1 (C) is acquired by purchase as defined in Section
2 179(d) of the Internal Revenue Code; and

3 (D) is not eligible for the Enterprise Zone
4 Investment Credit provided by subsection (f) of this
5 Section.

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

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

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

17 (6) If during any taxable year ending on or before
18 December 31, 1996, any property ceases to be qualified
19 property in the hands of the taxpayer within 48 months
20 after being placed in service, or the situs of any
21 qualified property is moved outside Illinois within 48
22 months after being placed in service, the tax imposed
23 under subsections (a) and (b) of this Section for such
24 taxable year shall be increased. Such increase shall be
25 determined by (i) recomputing the investment credit which
26 would have been allowed for the year in which credit for

1 such property was originally allowed by eliminating such
2 property from such computation, and (ii) subtracting such
3 recomputed credit from the amount of credit previously
4 allowed. For the purposes of this paragraph (6), a
5 reduction of the basis of qualified property resulting
6 from a redetermination of the purchase price shall be
7 deemed a disposition of qualified property to the extent
8 of such reduction.

9 (7) Beginning with tax years ending after December 31,
10 1996, if a taxpayer qualifies for the credit under this
11 subsection (h) and thereby is granted a tax abatement and
12 the taxpayer relocates its entire facility in violation of
13 the explicit terms and length of the contract under
14 Section 18-183 of the Property Tax Code, the tax imposed
15 under subsections (a) and (b) of this Section shall be
16 increased for the taxable year in which the taxpayer
17 relocated its facility by an amount equal to the amount of
18 credit received by the taxpayer under this subsection (h).

19 (h-5) High Impact Business construction ~~constructions~~ jobs
20 credit. For taxable years beginning on or after January 1,
21 2021, there shall also be allowed a High Impact Business
22 construction jobs credit against the tax imposed under
23 subsections (a) and (b) of this Section as provided in
24 subsections (i) and (j) of Section 5.5 of the Illinois
25 Enterprise Zone Act.

26 The credit or credits may not reduce the taxpayer's

1 liability to less than zero. If the amount of the credit or
2 credits exceeds the taxpayer's liability, the excess may be
3 carried forward and applied against the taxpayer's liability
4 in succeeding calendar years in the manner provided under
5 paragraph (4) of Section 211 of this Act. The credit or credits
6 shall be applied to the earliest year for which there is a tax
7 liability. If there are credits from more than one taxable
8 year that are available to offset a liability, the earlier
9 credit shall be applied first.

10 For partners, shareholders of Subchapter S corporations,
11 and owners of limited liability companies, if the liability
12 company is treated as a partnership for the purposes of
13 federal and State income taxation, there shall be allowed a
14 credit under this Section to be determined in accordance with
15 the determination of income and distributive share of income
16 under Sections 702 and 704 and Subchapter S of the Internal
17 Revenue Code.

18 The total aggregate amount of credits awarded under the
19 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~
20 ~~amendatory Act of the 101st General Assembly~~) shall not exceed
21 \$20,000,000 in any State fiscal year.

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

24 (i) Credit for Personal Property Tax Replacement Income
25 Tax. For tax years ending prior to December 31, 2003, a credit
26 shall be allowed against the tax imposed by subsections (a)

1 and (b) of this Section for the tax imposed by subsections (c)
2 and (d) of this Section. This credit shall be computed by
3 multiplying the tax imposed by subsections (c) and (d) of this
4 Section by a fraction, the numerator of which is base income
5 allocable to Illinois and the denominator of which is Illinois
6 base income, and further multiplying the product by the tax
7 rate imposed by subsections (a) and (b) of this Section.

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

22 If, during any taxable year ending on or after December
23 31, 1986, the tax imposed by subsections (c) and (d) of this
24 Section for which a taxpayer has claimed a credit under this
25 subsection (i) is reduced, the amount of credit for such tax
26 shall also be reduced. Such reduction shall be determined by

1 recomputing the credit to take into account the reduced tax
2 imposed by subsections (c) and (d). If any portion of the
3 reduced amount of credit has been carried to a different
4 taxable year, an amended return shall be filed for such
5 taxable year to reduce the amount of credit claimed.

6 (j) Training expense credit. Beginning with tax years
7 ending on or after December 31, 1986 and prior to December 31,
8 2003, a taxpayer shall be allowed a credit against the tax
9 imposed by subsections (a) and (b) under this Section for all
10 amounts paid or accrued, on behalf of all persons employed by
11 the taxpayer in Illinois or Illinois residents employed
12 outside of Illinois by a taxpayer, for educational or
13 vocational training in semi-technical or technical fields or
14 semi-skilled or skilled fields, which were deducted from gross
15 income in the computation of taxable income. The credit
16 against the tax imposed by subsections (a) and (b) shall be
17 1.6% of such training expenses. For partners, shareholders of
18 subchapter S corporations, and owners of limited liability
19 companies, if the liability company is treated as a
20 partnership for purposes of federal and State income taxation,
21 there shall be allowed a credit under this subsection (j) to be
22 determined in accordance with the determination of income and
23 distributive share of income under Sections 702 and 704 and
24 subchapter S of the Internal Revenue Code.

25 Any credit allowed under this subsection which is unused
26 in the year the credit is earned may be carried forward to each

1 of the 5 taxable years following the year for which the credit
2 is first computed until it is used. This credit shall be
3 applied first to the earliest year for which there is a
4 liability. If there is a credit under this subsection from
5 more than one tax year that is available to offset a liability,
6 the earliest credit arising under this subsection shall be
7 applied first. No carryforward credit may be claimed in any
8 tax year ending on or after December 31, 2003.

9 (k) Research and development credit. For tax years ending
10 after July 1, 1990 and prior to December 31, 2003, and
11 beginning again for tax years ending on or after December 31,
12 2004, and ending prior to January 1, 2027, a taxpayer shall be
13 allowed a credit against the tax imposed by subsections (a)
14 and (b) of this Section for increasing research activities in
15 this State. The credit allowed against the tax imposed by
16 subsections (a) and (b) shall be equal to 6 1/2% of the
17 qualifying expenditures for increasing research activities in
18 this State. For partners, shareholders of subchapter S
19 corporations, and owners of limited liability companies, if
20 the liability company is treated as a partnership for purposes
21 of federal and State income taxation, there shall be allowed a
22 credit under this subsection to be determined in accordance
23 with the determination of income and distributive share of
24 income under Sections 702 and 704 and subchapter S of the
25 Internal Revenue Code.

26 For purposes of this subsection, "qualifying expenditures"

1 means the qualifying expenditures as defined for the federal
2 credit for increasing research activities which would be
3 allowable under Section 41 of the Internal Revenue Code and
4 which are conducted in this State, "qualifying expenditures
5 for increasing research activities in this State" means the
6 excess of qualifying expenditures for the taxable year in
7 which incurred over qualifying expenditures for the base
8 period, "qualifying expenditures for the base period" means
9 the average of the qualifying expenditures for each year in
10 the base period, and "base period" means the 3 taxable years
11 immediately preceding the taxable year for which the
12 determination is being made.

13 Any credit in excess of the tax liability for the taxable
14 year may be carried forward. A taxpayer may elect to have the
15 unused credit shown on its final completed return carried over
16 as a credit against the tax liability for the following 5
17 taxable years or until it has been fully used, whichever
18 occurs first; provided that no credit earned in a tax year
19 ending prior to December 31, 2003 may be carried forward to any
20 year ending on or after December 31, 2003.

21 If an unused credit is carried forward to a given year from
22 2 or more earlier years, that credit arising in the earliest
23 year will be applied first against the tax liability for the
24 given year. If a tax liability for the given year still
25 remains, the credit from the next earliest year will then be
26 applied, and so on, until all credits have been used or no tax

1 liability for the given year remains. Any remaining unused
2 credit or credits then will be carried forward to the next
3 following year in which a tax liability is incurred, except
4 that no credit can be carried forward to a year which is more
5 than 5 years after the year in which the expense for which the
6 credit is given was incurred.

7 No inference shall be drawn from Public Act 91-644 ~~this~~
8 ~~amendatory Act of the 91st General Assembly~~ in construing this
9 Section for taxable years beginning before January 1, 1999.

10 It is the intent of the General Assembly that the research
11 and development credit under this subsection (k) shall apply
12 continuously for all tax years ending on or after December 31,
13 2004 and ending prior to January 1, 2027, including, but not
14 limited to, the period beginning on January 1, 2016 and ending
15 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~
16 ~~amendatory Act of the 100th General Assembly~~. All actions
17 taken in reliance on the continuation of the credit under this
18 subsection (k) by any taxpayer are hereby validated.

19 A taxpayer is not required to have obtained a research and
20 development credit with respect to his or her federal income
21 taxes to qualify for a credit under this subsection.

22 (l) Environmental Remediation Tax Credit.

23 (i) For tax years ending after December 31, 1997 and
24 on or before December 31, 2001, a taxpayer shall be
25 allowed a credit against the tax imposed by subsections
26 (a) and (b) of this Section for certain amounts paid for

1 unreimbursed eligible remediation costs, as specified in
2 this subsection. For purposes of this Section,
3 "unreimbursed eligible remediation costs" means costs
4 approved by the Illinois Environmental Protection Agency
5 ("Agency") under Section 58.14 of the Environmental
6 Protection Act that were paid in performing environmental
7 remediation at a site for which a No Further Remediation
8 Letter was issued by the Agency and recorded under Section
9 58.10 of the Environmental Protection Act. The credit must
10 be claimed for the taxable year in which Agency approval
11 of the eligible remediation costs is granted. The credit
12 is not available to any taxpayer if the taxpayer or any
13 related party caused or contributed to, in any material
14 respect, a release of regulated substances on, in, or
15 under the site that was identified and addressed by the
16 remedial action pursuant to the Site Remediation Program
17 of the Environmental Protection Act. After the Pollution
18 Control Board rules are adopted pursuant to the Illinois
19 Administrative Procedure Act for the administration and
20 enforcement of Section 58.9 of the Environmental
21 Protection Act, determinations as to credit availability
22 for purposes of this Section shall be made consistent with
23 those rules. For purposes of this Section, "taxpayer"
24 includes a person whose tax attributes the taxpayer has
25 succeeded to under Section 381 of the Internal Revenue
26 Code and "related party" includes the persons disallowed a

1 deduction for losses by paragraphs (b), (c), and (f)(1) of
2 Section 267 of the Internal Revenue Code by virtue of
3 being a related taxpayer, as well as any of its partners.
4 The credit allowed against the tax imposed by subsections
5 (a) and (b) shall be equal to 25% of the unreimbursed
6 eligible remediation costs in excess of \$100,000 per site,
7 except that the \$100,000 threshold shall not apply to any
8 site contained in an enterprise zone as determined by the
9 Department of Commerce and Community Affairs (now
10 Department of Commerce and Economic Opportunity). The
11 total credit allowed shall not exceed \$40,000 per year
12 with a maximum total of \$150,000 per site. For partners
13 and shareholders of subchapter S corporations, there shall
14 be allowed a credit under this subsection to be determined
15 in accordance with the determination of income and
16 distributive share of income under Sections 702 and 704
17 and subchapter S of the Internal Revenue Code.

18 (ii) A credit allowed under this subsection that is
19 unused in the year the credit is earned may be carried
20 forward to each of the 5 taxable years following the year
21 for which the credit is first earned until it is used. The
22 term "unused credit" does not include any amounts of
23 unreimbursed eligible remediation costs in excess of the
24 maximum credit per site authorized under paragraph (i).
25 This credit shall be applied first to the earliest year
26 for which there is a liability. If there is a credit under

1 this subsection from more than one tax year that is
2 available to offset a liability, the earliest credit
3 arising under this subsection shall be applied first. A
4 credit allowed under this subsection may be sold to a
5 buyer as part of a sale of all or part of the remediation
6 site for which the credit was granted. The purchaser of a
7 remediation site and the tax credit shall succeed to the
8 unused credit and remaining carry-forward period of the
9 seller. To perfect the transfer, the assignor shall record
10 the transfer in the chain of title for the site and provide
11 written notice to the Director of the Illinois Department
12 of Revenue of the assignor's intent to sell the
13 remediation site and the amount of the tax credit to be
14 transferred as a portion of the sale. In no event may a
15 credit be transferred to any taxpayer if the taxpayer or a
16 related party would not be eligible under the provisions
17 of subsection (i).

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

21 (m) Education expense credit. Beginning with tax years
22 ending after December 31, 1999, a taxpayer who is the
23 custodian of one or more qualifying pupils shall be allowed a
24 credit against the tax imposed by subsections (a) and (b) of
25 this Section for qualified education expenses incurred on
26 behalf of the qualifying pupils. The credit shall be equal to

1 25% of qualified education expenses, but in no event may the
2 total credit under this subsection claimed by a family that is
3 the custodian of qualifying pupils exceed (i) \$500 for tax
4 years ending prior to December 31, 2017, and (ii) \$750 for tax
5 years ending on or after December 31, 2017. In no event shall a
6 credit under this subsection reduce the taxpayer's liability
7 under this Act to less than zero. Notwithstanding any other
8 provision of law, for taxable years beginning on or after
9 January 1, 2017, no taxpayer may claim a credit under this
10 subsection (m) if the taxpayer's adjusted gross income for the
11 taxable year exceeds (i) \$500,000, in the case of spouses
12 filing a joint federal tax return or (ii) \$250,000, in the case
13 of all other taxpayers. This subsection is exempt from the
14 provisions of Section 250 of this Act.

15 For purposes of this subsection:

16 "Qualifying pupils" means individuals who (i) are
17 residents of the State of Illinois, (ii) are under the age of
18 21 at the close of the school year for which a credit is
19 sought, and (iii) during the school year for which a credit is
20 sought were full-time pupils enrolled in a kindergarten
21 through twelfth grade education program at any school, as
22 defined in this subsection.

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

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

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

11 (n) River Edge Redevelopment Zone site remediation tax
12 credit.

13 (i) For tax years ending on or after December 31,
14 2006, a taxpayer shall be allowed a credit against the tax
15 imposed by subsections (a) and (b) of this Section for
16 certain amounts paid for unreimbursed eligible remediation
17 costs, as specified in this subsection. For purposes of
18 this Section, "unreimbursed eligible remediation costs"
19 means costs approved by the Illinois Environmental
20 Protection Agency ("Agency") under Section 58.14a of the
21 Environmental Protection Act that were paid in performing
22 environmental remediation at a site within a River Edge
23 Redevelopment Zone for which a No Further Remediation
24 Letter was issued by the Agency and recorded under Section
25 58.10 of the Environmental Protection Act. The credit must
26 be claimed for the taxable year in which Agency approval

1 of the eligible remediation costs is granted. The credit
2 is not available to any taxpayer if the taxpayer or any
3 related party caused or contributed to, in any material
4 respect, a release of regulated substances on, in, or
5 under the site that was identified and addressed by the
6 remedial action pursuant to the Site Remediation Program
7 of the Environmental Protection Act. Determinations as to
8 credit availability for purposes of this Section shall be
9 made consistent with rules adopted by the Pollution
10 Control Board pursuant to the Illinois Administrative
11 Procedure Act for the administration and enforcement of
12 Section 58.9 of the Environmental Protection Act. For
13 purposes of this Section, "taxpayer" includes a person
14 whose tax attributes the taxpayer has succeeded to under
15 Section 381 of the Internal Revenue Code and "related
16 party" includes the persons disallowed a deduction for
17 losses by paragraphs (b), (c), and (f)(1) of Section 267
18 of the Internal Revenue Code by virtue of being a related
19 taxpayer, as well as any of its partners. The credit
20 allowed against the tax imposed by subsections (a) and (b)
21 shall be equal to 25% of the unreimbursed eligible
22 remediation costs in excess of \$100,000 per site.

23 (ii) A credit allowed under this subsection that is
24 unused in the year the credit is earned may be carried
25 forward to each of the 5 taxable years following the year
26 for which the credit is first earned until it is used. This

1 credit shall be applied first to the earliest year for
2 which there is a liability. If there is a credit under this
3 subsection from more than one tax year that is available
4 to offset a liability, the earliest credit arising under
5 this subsection shall be applied first. A credit allowed
6 under this subsection may be sold to a buyer as part of a
7 sale of all or part of the remediation site for which the
8 credit was granted. The purchaser of a remediation site
9 and the tax credit shall succeed to the unused credit and
10 remaining carry-forward period of the seller. To perfect
11 the transfer, the assignor shall record the transfer in
12 the chain of title for the site and provide written notice
13 to the Director of the Illinois Department of Revenue of
14 the assignor's intent to sell the remediation site and the
15 amount of the tax credit to be transferred as a portion of
16 the sale. In no event may a credit be transferred to any
17 taxpayer if the taxpayer or a related party would not be
18 eligible under the provisions of subsection (i).

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

22 (o) For each of taxable years during the Compassionate Use
23 of Medical Cannabis Program, a surcharge is imposed on all
24 taxpayers on income arising from the sale or exchange of
25 capital assets, depreciable business property, real property
26 used in the trade or business, and Section 197 intangibles of

1 an organization registrant under the Compassionate Use of
2 Medical Cannabis Program Act. The amount of the surcharge is
3 equal to the amount of federal income tax liability for the
4 taxable year attributable to those sales and exchanges. The
5 surcharge imposed does not apply if:

6 (1) the medical cannabis cultivation center
7 registration, medical cannabis dispensary registration, or
8 the property of a registration is transferred as a result
9 of any of the following:

10 (A) bankruptcy, a receivership, or a debt
11 adjustment initiated by or against the initial
12 registration or the substantial owners of the initial
13 registration;

14 (B) cancellation, revocation, or termination of
15 any registration by the Illinois Department of Public
16 Health;

17 (C) a determination by the Illinois Department of
18 Public Health that transfer of the registration is in
19 the best interests of Illinois qualifying patients as
20 defined by the Compassionate Use of Medical Cannabis
21 Program Act;

22 (D) the death of an owner of the equity interest in
23 a registrant;

24 (E) the acquisition of a controlling interest in
25 the stock or substantially all of the assets of a
26 publicly traded company;

1 (F) a transfer by a parent company to a wholly
2 owned subsidiary; or

3 (G) the transfer or sale to or by one person to
4 another person where both persons were initial owners
5 of the registration when the registration was issued;
6 or

7 (2) the cannabis cultivation center registration,
8 medical cannabis dispensary registration, or the
9 controlling interest in a registrant's property is
10 transferred in a transaction to lineal descendants in
11 which no gain or loss is recognized or as a result of a
12 transaction in accordance with Section 351 of the Internal
13 Revenue Code in which no gain or loss is recognized.

14 (p) Illinois Innovation Credit.

15 (1) For tax years ending on or after December 31,
16 2021, a taxpayer shall be allowed a credit against the tax
17 imposed by subsections (a) and (b) of this Section in an
18 amount equal to 1.3% of the qualified research expenses
19 made by the taxpayer in Illinois. In no event shall a
20 credit under this subsection reduce the taxpayer's
21 liability under this Act to less than zero. A taxpayer may
22 elect to have the unused credit shown on its final
23 completed return carried over as a credit against his or
24 her tax liability for the following 5 taxable years or
25 until the credit has been fully used, whichever occurs
26 first. This subsection (p) is exempt from the provisions

1 of Section 250 of this Act.

2 (2) As used in this subsection:

3 "Qualified research" means activities designed to
4 promote any or all of the following:

5 (A) new computer modeling technology;

6 (B) new 3D modeling or imaging technology;

7 (C) new public infrastructure materials; or

8 (D) new public infrastructure design.

9 "Qualified research expenses" means:

10 (A) any wages paid or incurred to an employee for
11 qualified services performed by such employee;

12 (B) any amount paid or incurred for supplies used
13 in the conduct of qualified research; and

14 (C) any amount paid or incurred by the taxpayer to
15 any person (other than an employee of the taxpayer)
16 for qualified research.

17 (Source: P.A. 100-22, eff. 7-6-17; 101-9, eff. 6-5-19; 101-31,
18 eff. 6-28-19; 101-207, eff. 8-2-19; 101-363, eff. 8-9-19;
19 revised 11-18-20.)

20 (Text of Section with the changes made by P.A. 101-8,
21 which did not take effect (see Section 99 of P.A. 101-8))

22 Sec. 201. Tax imposed.

23 (a) In general. A tax measured by net income is hereby
24 imposed on every individual, corporation, trust and estate for
25 each taxable year ending after July 31, 1969 on the privilege

1 of earning or receiving income in or as a resident of this
2 State. Such tax shall be in addition to all other occupation or
3 privilege taxes imposed by this State or by any municipal
4 corporation or political subdivision thereof.

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

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

12 (2) In the case of an individual, trust or estate, for
13 taxable years beginning prior to July 1, 1989 and ending
14 after June 30, 1989, an amount equal to the sum of (i) 2
15 1/2% of the taxpayer's net income for the period prior to
16 July 1, 1989, as calculated under Section 202.3, and (ii)
17 3% of the taxpayer's net income for the period after June
18 30, 1989, as calculated under Section 202.3.

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

23 (4) In the case of an individual, trust, or estate,
24 for taxable years beginning prior to January 1, 2011, and
25 ending after December 31, 2010, an amount equal to the sum
26 of (i) 3% of the taxpayer's net income for the period prior

1 to January 1, 2011, as calculated under Section 202.5, and
2 (ii) 5% of the taxpayer's net income for the period after
3 December 31, 2010, as calculated under Section 202.5.

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

8 (5.1) In the case of an individual, trust, or estate,
9 for taxable years beginning prior to January 1, 2015, and
10 ending after December 31, 2014, an amount equal to the sum
11 of (i) 5% of the taxpayer's net income for the period prior
12 to January 1, 2015, as calculated under Section 202.5, and
13 (ii) 3.75% of the taxpayer's net income for the period
14 after December 31, 2014, as calculated under Section
15 202.5.

16 (5.2) In the case of an individual, trust, or estate,
17 for taxable years beginning on or after January 1, 2015,
18 and ending prior to July 1, 2017, an amount equal to 3.75%
19 of the taxpayer's net income for the taxable year.

20 (5.3) In the case of an individual, trust, or estate,
21 for taxable years beginning prior to July 1, 2017, and
22 ending after June 30, 2017, an amount equal to the sum of
23 (i) 3.75% of the taxpayer's net income for the period
24 prior to July 1, 2017, as calculated under Section 202.5,
25 and (ii) 4.95% of the taxpayer's net income for the period
26 after June 30, 2017, as calculated under Section 202.5.

1 (5.4) In the case of an individual, trust, or estate,
2 for taxable years beginning on or after July 1, 2017 ~~and~~
3 ~~beginning prior to January 1, 2021,~~ an amount equal to
4 4.95% of the taxpayer's net income for the taxable year.

5 ~~(5.5) In the case of an individual, trust, or estate,~~
6 ~~for taxable years beginning on or after January 1, 2021,~~
7 ~~an amount calculated under the rate structure set forth in~~
8 ~~Section 201.1.~~

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

12 (7) In the case of a corporation, for taxable years
13 beginning prior to July 1, 1989 and ending after June 30,
14 1989, an amount equal to the sum of (i) 4% of the
15 taxpayer's net income for the period prior to July 1,
16 1989, as calculated under Section 202.3, and (ii) 4.8% of
17 the taxpayer's net income for the period after June 30,
18 1989, as calculated under Section 202.3.

19 (8) In the case of a corporation, for taxable years
20 beginning after June 30, 1989, and ending prior to January
21 1, 2011, an amount equal to 4.8% of the taxpayer's net
22 income for the taxable year.

23 (9) In the case of a corporation, for taxable years
24 beginning prior to January 1, 2011, and ending after
25 December 31, 2010, an amount equal to the sum of (i) 4.8%
26 of the taxpayer's net income for the period prior to

1 January 1, 2011, as calculated under Section 202.5, and
2 (ii) 7% of the taxpayer's net income for the period after
3 December 31, 2010, as calculated under Section 202.5.

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

8 (11) In the case of a corporation, for taxable years
9 beginning prior to January 1, 2015, and ending after
10 December 31, 2014, an amount equal to the sum of (i) 7% of
11 the taxpayer's net income for the period prior to January
12 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
13 of the taxpayer's net income for the period after December
14 31, 2014, as calculated under Section 202.5.

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

19 (13) In the case of a corporation, for taxable years
20 beginning prior to July 1, 2017, and ending after June 30,
21 2017, an amount equal to the sum of (i) 5.25% of the
22 taxpayer's net income for the period prior to July 1,
23 2017, as calculated under Section 202.5, and (ii) 7% of
24 the taxpayer's net income for the period after June 30,
25 2017, as calculated under Section 202.5.

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

1 beginning on or after July 1, 2017 ~~and beginning prior to~~
2 ~~January 1, 2021~~, an amount equal to 7% of the taxpayer's
3 net income for the taxable year.

4 ~~(15) In the case of a corporation, for taxable years~~
5 ~~beginning on or after January 1, 2021, an amount equal to~~
6 ~~7.99% of the taxpayer's net income for the taxable year.~~

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

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

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

24 (A) bankruptcy, a receivership, or a debt
25 adjustment initiated by or against the initial
26 licensee or the substantial owners of the initial

1 licensee;

2 (B) cancellation, revocation, or termination of
3 any such license by the Illinois Gaming Board or the
4 Illinois Racing Board;

5 (C) a determination by the Illinois Gaming Board
6 that transfer of the license is in the best interests
7 of Illinois gaming;

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

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 license when the license was issued; or

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

25 (3) live horse racing was not conducted in 2010 at a
26 racetrack located within 3 miles of the Mississippi River

1 under a license issued pursuant to the Illinois Horse
2 Racing Act of 1975.

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

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

22 (d) Additional Personal Property Tax Replacement Income
23 Tax Rates. The personal property tax replacement income tax
24 imposed by this subsection and subsection (c) of this Section
25 in the case of a corporation, other than a Subchapter S
26 corporation and except as adjusted by subsection (d-1), shall

1 be an additional amount equal to 2.85% of such taxpayer's net
2 income for the taxable year, except that beginning on January
3 1, 1981, and thereafter, the rate of 2.85% specified in this
4 subsection shall be reduced to 2.5%, and in the case of a
5 partnership, trust or a Subchapter S corporation shall be an
6 additional amount equal to 1.5% of such taxpayer's net income
7 for the taxable year.

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

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

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

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

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

18 equals 1.25% for taxable years ending prior to December
19 31, 2003, or 1.75% for taxable years ending on or after
20 December 31, 2003, of the net taxable premiums written for
21 the taxable year, as described by subsection (1) of
22 Section 409 of the Illinois Insurance Code. This paragraph
23 will in no event increase the rates imposed under
24 subsections (b) and (d).

25 (2) Any reduction in the rates of tax imposed by this
26 subsection shall be applied first against the rates

1 imposed by subsection (b) and only after the tax imposed
2 by subsection (a) net of all credits allowed under this
3 Section other than the credit allowed under subsection (i)
4 has been reduced to zero, against the rates imposed by
5 subsection (d).

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

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

11 (1) A taxpayer shall be allowed a credit equal to .5%
12 of the basis of qualified property placed in service
13 during the taxable year, provided such property is placed
14 in service on or after July 1, 1984. There shall be allowed
15 an additional credit equal to .5% of the basis of
16 qualified property placed in service during the taxable
17 year, provided such property is placed in service on or
18 after July 1, 1986, and the taxpayer's base employment
19 within Illinois has increased by 1% or more over the
20 preceding year as determined by the taxpayer's employment
21 records filed with the Illinois Department of Employment
22 Security. Taxpayers who are new to Illinois shall be
23 deemed to have met the 1% growth in base employment for the
24 first year in which they file employment records with the
25 Illinois Department of Employment Security. The provisions
26 added to this Section by Public Act 85-1200 (and restored

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

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

17 (2) The term "qualified property" means property
18 which:

19 (A) is tangible, whether new or used, including
20 buildings and structural components of buildings and
21 signs that are real property, but not including land
22 or improvements to real property that are not a
23 structural component of a building such as
24 landscaping, sewer lines, local access roads, fencing,
25 parking lots, and other appurtenances;

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 (e);

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

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

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

17 (3) For purposes of this subsection (e),
18 "manufacturing" means the material staging and production
19 of tangible personal property by procedures commonly
20 regarded as manufacturing, processing, fabrication, or
21 assembling which changes some existing material into new
22 shapes, new qualities, or new combinations. For purposes
23 of this subsection (e) the term "mining" shall have the
24 same meaning as the term "mining" in Section 613(c) of the
25 Internal Revenue Code. For purposes of this subsection
26 (e), the term "retailing" means the sale of tangible

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

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

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

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

20 (7) If during any taxable year, any property ceases to
21 be qualified property in the hands of the taxpayer within
22 48 months after being placed in service, or the situs of
23 any qualified property is moved outside Illinois within 48
24 months after being placed in service, the Personal
25 Property Tax Replacement Income Tax for such taxable year
26 shall be increased. Such increase shall be determined by

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

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

16 (9) Each taxable year ending before December 31, 2000,
17 a partnership may elect to pass through to its partners
18 the credits to which the partnership is entitled under
19 this subsection (e) for the taxable year. A partner may
20 use the credit allocated to him or her under this
21 paragraph only against the tax imposed in subsections (c)
22 and (d) of this Section. If the partnership makes that
23 election, those credits shall be allocated among the
24 partners in the partnership in accordance with the rules
25 set forth in Section 704(b) of the Internal Revenue Code,
26 and the rules promulgated under that Section, and the

1 allocated amount of the credits shall be allowed to the
2 partners for that taxable year. The partnership shall make
3 this election on its Personal Property Tax Replacement
4 Income Tax return for that taxable year. The election to
5 pass through the credits shall be irrevocable.

6 For taxable years ending on or after December 31,
7 2000, a partner that qualifies its partnership for a
8 subtraction under subparagraph (I) of paragraph (2) of
9 subsection (d) of Section 203 or a shareholder that
10 qualifies a Subchapter S corporation for a subtraction
11 under subparagraph (S) of paragraph (2) of subsection (b)
12 of Section 203 shall be allowed a credit under this
13 subsection (e) equal to its share of the credit earned
14 under this subsection (e) during the taxable year by the
15 partnership or Subchapter S corporation, determined in
16 accordance with the determination of income and
17 distributive share of income under Sections 702 and 704
18 and Subchapter S of the Internal Revenue Code. This
19 paragraph is exempt from the provisions of Section 250.

20 (f) Investment credit; Enterprise Zone; River Edge
21 Redevelopment Zone.

22 (1) A taxpayer shall be allowed a credit against the
23 tax imposed by subsections (a) and (b) of this Section for
24 investment in qualified property which is placed in
25 service in an Enterprise Zone created pursuant to the
26 Illinois Enterprise Zone Act or, for property placed in

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

1 from more than one tax year that is available to offset a
2 liability, the credit accruing first in time shall be
3 applied first.

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

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

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

12 (C) is acquired by purchase as defined in Section
13 179(d) of the Internal Revenue Code;

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

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

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

23 (4) If the basis of the property for federal income
24 tax depreciation purposes is increased after it has been
25 placed in service in the Enterprise Zone or River Edge
26 Redevelopment Zone by the taxpayer, the amount of such

1 increase shall be deemed property placed in service on the
2 date of such increase in basis.

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

5 (6) If during any taxable year, any property ceases to
6 be qualified property in the hands of the taxpayer within
7 48 months after being placed in service, or the situs of
8 any qualified property is moved outside the Enterprise
9 Zone or River Edge Redevelopment Zone within 48 months
10 after being placed in service, the tax imposed under
11 subsections (a) and (b) of this Section for such taxable
12 year shall be increased. Such increase shall be determined
13 by (i) recomputing the investment credit which would have
14 been allowed for the year in which credit for such
15 property was originally allowed by eliminating such
16 property from such computation, and (ii) subtracting such
17 recomputed credit from the amount of credit previously
18 allowed. For the purposes of this paragraph (6), a
19 reduction of the basis of qualified property resulting
20 from a redetermination of the purchase price shall be
21 deemed a disposition of qualified property to the extent
22 of such reduction.

23 (7) There shall be allowed an additional credit equal
24 to 0.5% of the basis of qualified property placed in
25 service during the taxable year in a River Edge
26 Redevelopment Zone, provided such property is placed in

1 service on or after July 1, 2006, and the taxpayer's base
2 employment within Illinois has increased by 1% or more
3 over the preceding year as determined by the taxpayer's
4 employment records filed with the Illinois Department of
5 Employment Security. Taxpayers who are new to Illinois
6 shall be deemed to have met the 1% growth in base
7 employment for the first year in which they file
8 employment records with the Illinois Department of
9 Employment Security. If, in any year, the increase in base
10 employment within Illinois over the preceding year is less
11 than 1%, the additional credit shall be limited to that
12 percentage times a fraction, the numerator of which is
13 0.5% and the denominator of which is 1%, but shall not
14 exceed 0.5%.

15 (8) For taxable years beginning on or after January 1,
16 2021, there shall be allowed an Enterprise Zone
17 construction jobs credit against the taxes imposed under
18 subsections (a) and (b) of this Section as provided in
19 Section 13 of the Illinois Enterprise Zone Act.

20 The credit or credits may not reduce the taxpayer's
21 liability to less than zero. If the amount of the credit or
22 credits exceeds the taxpayer's liability, the excess may
23 be carried forward and applied against the taxpayer's
24 liability in succeeding calendar years in the same manner
25 provided under paragraph (4) of Section 211 of this Act.
26 The credit or credits shall be applied to the earliest

1 year for which there is a tax liability. If there are
2 credits from more than one taxable year that are available
3 to offset a liability, the earlier credit shall be applied
4 first.

5 For partners, shareholders of Subchapter S
6 corporations, and owners of limited liability companies,
7 if the liability company is treated as a partnership for
8 the purposes of federal and State income taxation, there
9 shall be allowed a credit under this Section to be
10 determined in accordance with the determination of income
11 and distributive share of income under Sections 702 and
12 704 and Subchapter S of the Internal Revenue Code.

13 The total aggregate amount of credits awarded under
14 the Blue Collar Jobs Act (Article 20 of Public Act 101-9
15 ~~this amendatory Act of the 101st General Assembly~~) shall
16 not exceed \$20,000,000 in any State fiscal year.

17 This paragraph (8) is exempt from the provisions of
18 Section 250.

19 (g) (Blank).

20 (h) Investment credit; High Impact Business.

21 (1) Subject to subsections (b) and (b-5) of Section
22 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall
23 be allowed a credit against the tax imposed by subsections
24 (a) and (b) of this Section for investment in qualified
25 property which is placed in service by a Department of
26 Commerce and Economic Opportunity designated High Impact

1 Business. The credit shall be .5% of the basis for such
2 property. The credit shall not be available (i) until the
3 minimum investments in qualified property set forth in
4 subdivision (a)(3)(A) of Section 5.5 of the Illinois
5 Enterprise Zone Act have been satisfied or (ii) until the
6 time authorized in subsection (b-5) of the Illinois
7 Enterprise Zone Act for entities designated as High Impact
8 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
9 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
10 Act, and shall not be allowed to the extent that it would
11 reduce a taxpayer's liability for the tax imposed by
12 subsections (a) and (b) of this Section to below zero. The
13 credit applicable to such investments shall be taken in
14 the taxable year in which such investments have been
15 completed. The credit for additional investments beyond
16 the minimum investment by a designated high impact
17 business authorized under subdivision (a)(3)(A) of Section
18 5.5 of the Illinois Enterprise Zone Act shall be available
19 only in the taxable year in which the property is placed in
20 service and shall not be allowed to the extent that it
21 would reduce a taxpayer's liability for the tax imposed by
22 subsections (a) and (b) of this Section to below zero. For
23 tax years ending on or after December 31, 1987, the credit
24 shall be allowed for the tax year in which the property is
25 placed in service, or, if the amount of the credit exceeds
26 the tax liability for that year, whether it exceeds the

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

9 Changes made in this subdivision (h) (1) by Public Act
10 88-670 restore changes made by Public Act 85-1182 and
11 reflect existing law.

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

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

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

20 (C) is acquired by purchase as defined in Section
21 179(d) of the Internal Revenue Code; and

22 (D) is not eligible for the Enterprise Zone
23 Investment Credit provided by subsection (f) of this
24 Section.

25 (3) The basis of qualified property shall be the basis
26 used to compute the depreciation deduction for federal

1 income tax purposes.

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

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

10 (6) If during any taxable year ending on or before
11 December 31, 1996, any property ceases to be qualified
12 property in the hands of the taxpayer within 48 months
13 after being placed in service, or the situs of any
14 qualified property is moved outside Illinois within 48
15 months after being placed in service, the tax imposed
16 under subsections (a) and (b) of this Section for such
17 taxable year shall be increased. Such increase shall be
18 determined by (i) recomputing the investment credit which
19 would have been allowed for the year in which credit for
20 such property was originally allowed by eliminating such
21 property from such computation, and (ii) subtracting such
22 recomputed credit from the amount of credit previously
23 allowed. For the purposes of this paragraph (6), a
24 reduction of the basis of qualified property resulting
25 from a redetermination of the purchase price shall be
26 deemed a disposition of qualified property to the extent

1 of such reduction.

2 (7) Beginning with tax years ending after December 31,
3 1996, if a taxpayer qualifies for the credit under this
4 subsection (h) and thereby is granted a tax abatement and
5 the taxpayer relocates its entire facility in violation of
6 the explicit terms and length of the contract under
7 Section 18-183 of the Property Tax Code, the tax imposed
8 under subsections (a) and (b) of this Section shall be
9 increased for the taxable year in which the taxpayer
10 relocated its facility by an amount equal to the amount of
11 credit received by the taxpayer under this subsection (h).

12 (h-5) High Impact Business construction ~~constructions~~ jobs
13 credit. For taxable years beginning on or after January 1,
14 2021, there shall also be allowed a High Impact Business
15 construction jobs credit against the tax imposed under
16 subsections (a) and (b) of this Section as provided in
17 subsections (i) and (j) of Section 5.5 of the Illinois
18 Enterprise Zone Act.

19 The credit or credits may not reduce the taxpayer's
20 liability to less than zero. If the amount of the credit or
21 credits exceeds the taxpayer's liability, the excess may be
22 carried forward and applied against the taxpayer's liability
23 in succeeding calendar years in the manner provided under
24 paragraph (4) of Section 211 of this Act. The credit or credits
25 shall be applied to the earliest year for which there is a tax
26 liability. If there are credits from more than one taxable

1 year that are available to offset a liability, the earlier
2 credit shall be applied first.

3 For partners, shareholders of Subchapter S corporations,
4 and owners of limited liability companies, if the liability
5 company is treated as a partnership for the purposes of
6 federal and State income taxation, there shall be allowed a
7 credit under this Section to be determined in accordance with
8 the determination of income and distributive share of income
9 under Sections 702 and 704 and Subchapter S of the Internal
10 Revenue Code.

11 The total aggregate amount of credits awarded under the
12 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~
13 ~~amendatory Act of the 101st General Assembly~~) shall not exceed
14 \$20,000,000 in any State fiscal year.

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

17 (i) Credit for Personal Property Tax Replacement Income
18 Tax. For tax years ending prior to December 31, 2003, a credit
19 shall be allowed against the tax imposed by subsections (a)
20 and (b) of this Section for the tax imposed by subsections (c)
21 and (d) of this Section. This credit shall be computed by
22 multiplying the tax imposed by subsections (c) and (d) of this
23 Section by a fraction, the numerator of which is base income
24 allocable to Illinois and the denominator of which is Illinois
25 base income, and further multiplying the product by the tax
26 rate imposed by subsections (a) and (b) of this Section.

1 Any credit earned on or after December 31, 1986 under this
2 subsection which is unused in the year the credit is computed
3 because it exceeds the tax liability imposed by subsections
4 (a) and (b) for that year (whether it exceeds the original
5 liability or the liability as later amended) may be carried
6 forward and applied to the tax liability imposed by
7 subsections (a) and (b) of the 5 taxable years following the
8 excess credit year, provided that no credit may be carried
9 forward to any year ending on or after December 31, 2003. This
10 credit shall be applied first to the earliest year for which
11 there is a liability. If there is a credit under this
12 subsection from more than one tax year that is available to
13 offset a liability the earliest credit arising under this
14 subsection shall be applied first.

15 If, during any taxable year ending on or after December
16 31, 1986, the tax imposed by subsections (c) and (d) of this
17 Section for which a taxpayer has claimed a credit under this
18 subsection (i) is reduced, the amount of credit for such tax
19 shall also be reduced. Such reduction shall be determined by
20 recomputing the credit to take into account the reduced tax
21 imposed by subsections (c) and (d). If any portion of the
22 reduced amount of credit has been carried to a different
23 taxable year, an amended return shall be filed for such
24 taxable year to reduce the amount of credit claimed.

25 (j) Training expense credit. Beginning with tax years
26 ending on or after December 31, 1986 and prior to December 31,

1 2003, a taxpayer shall be allowed a credit against the tax
2 imposed by subsections (a) and (b) under this Section for all
3 amounts paid or accrued, on behalf of all persons employed by
4 the taxpayer in Illinois or Illinois residents employed
5 outside of Illinois by a taxpayer, for educational or
6 vocational training in semi-technical or technical fields or
7 semi-skilled or skilled fields, which were deducted from gross
8 income in the computation of taxable income. The credit
9 against the tax imposed by subsections (a) and (b) shall be
10 1.6% of such training expenses. For partners, shareholders of
11 subchapter S corporations, and owners of limited liability
12 companies, if the liability company is treated as a
13 partnership for purposes of federal and State income taxation,
14 there shall be allowed a credit under this subsection (j) to be
15 determined in accordance with the determination of income and
16 distributive share of income under Sections 702 and 704 and
17 subchapter S of the Internal Revenue Code.

18 Any credit allowed under this subsection which is unused
19 in the year the credit is earned may be carried forward to each
20 of the 5 taxable years following the year for which the credit
21 is first computed until it is used. This credit shall be
22 applied first to the earliest year for which there is a
23 liability. If there is a credit under this subsection from
24 more than one tax year that is available to offset a liability,
25 the earliest credit arising under this subsection shall be
26 applied first. No carryforward credit may be claimed in any

1 tax year ending on or after December 31, 2003.

2 (k) Research and development credit. For tax years ending
3 after July 1, 1990 and prior to December 31, 2003, and
4 beginning again for tax years ending on or after December 31,
5 2004, and ending prior to January 1, 2027, a taxpayer shall be
6 allowed a credit against the tax imposed by subsections (a)
7 and (b) of this Section for increasing research activities in
8 this State. The credit allowed against the tax imposed by
9 subsections (a) and (b) shall be equal to 6 1/2% of the
10 qualifying expenditures for increasing research activities in
11 this State. For partners, shareholders of subchapter S
12 corporations, and owners of limited liability companies, if
13 the liability company is treated as a partnership for purposes
14 of federal and State income taxation, there shall be allowed a
15 credit under this subsection to be determined in accordance
16 with the determination of income and distributive share of
17 income under Sections 702 and 704 and subchapter S of the
18 Internal Revenue Code.

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

1 period, "qualifying expenditures for the base period" means
2 the average of the qualifying expenditures for each year in
3 the base period, and "base period" means the 3 taxable years
4 immediately preceding the taxable year for which the
5 determination is being made.

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

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

26 No inference shall be drawn from Public Act 91-644 ~~this~~

1 ~~amendatory Act of the 91st General Assembly~~ in construing this
2 Section for taxable years beginning before January 1, 1999.

3 It is the intent of the General Assembly that the research
4 and development credit under this subsection (k) shall apply
5 continuously for all tax years ending on or after December 31,
6 2004 and ending prior to January 1, 2027, including, but not
7 limited to, the period beginning on January 1, 2016 and ending
8 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~
9 ~~amendatory Act of the 100th General Assembly~~. All actions
10 taken in reliance on the continuation of the credit under this
11 subsection (k) by any taxpayer are hereby validated.

12 A taxpayer is not required to have obtained a research and
13 development credit with respect to his or her federal income
14 taxes to qualify for a credit under this subsection.

15 (1) Environmental Remediation Tax Credit.

16 (i) For tax years ending after December 31, 1997 and
17 on or before December 31, 2001, a taxpayer shall be
18 allowed a credit against the tax imposed by subsections
19 (a) and (b) of this Section for certain amounts paid for
20 unreimbursed eligible remediation costs, as specified in
21 this subsection. For purposes of this Section,
22 "unreimbursed eligible remediation costs" means costs
23 approved by the Illinois Environmental Protection Agency
24 ("Agency") under Section 58.14 of the Environmental
25 Protection Act that were paid in performing environmental
26 remediation at a site for which a No Further Remediation

1 Letter was issued by the Agency and recorded under Section
2 58.10 of the Environmental Protection Act. The credit must
3 be claimed for the taxable year in which Agency approval
4 of the eligible remediation costs is granted. The credit
5 is not available to any taxpayer if the taxpayer or any
6 related party caused or contributed to, in any material
7 respect, a release of regulated substances on, in, or
8 under the site that was identified and addressed by the
9 remedial action pursuant to the Site Remediation Program
10 of the Environmental Protection Act. After the Pollution
11 Control Board rules are adopted pursuant to the Illinois
12 Administrative Procedure Act for the administration and
13 enforcement of Section 58.9 of the Environmental
14 Protection Act, determinations as to credit availability
15 for purposes of this Section shall be made consistent with
16 those rules. For purposes of this Section, "taxpayer"
17 includes a person whose tax attributes the taxpayer has
18 succeeded to under Section 381 of the Internal Revenue
19 Code and "related party" includes the persons disallowed a
20 deduction for losses by paragraphs (b), (c), and (f)(1) of
21 Section 267 of the Internal Revenue Code by virtue of
22 being a related taxpayer, as well as any of its partners.
23 The credit allowed against the tax imposed by subsections
24 (a) and (b) shall be equal to 25% of the unreimbursed
25 eligible remediation costs in excess of \$100,000 per site,
26 except that the \$100,000 threshold shall not apply to any

1 site contained in an enterprise zone as determined by the
2 Department of Commerce and Community Affairs (now
3 Department of Commerce and Economic Opportunity). The
4 total credit allowed shall not exceed \$40,000 per year
5 with a maximum total of \$150,000 per site. For partners
6 and shareholders of subchapter S corporations, there shall
7 be allowed a credit under this subsection to be determined
8 in accordance with the determination of income and
9 distributive share of income under Sections 702 and 704
10 and subchapter S of the Internal Revenue Code.

11 (ii) A credit allowed under this subsection that is
12 unused in the year the credit is earned may be carried
13 forward to each of the 5 taxable years following the year
14 for which the credit is first earned until it is used. The
15 term "unused credit" does not include any amounts of
16 unreimbursed eligible remediation costs in excess of the
17 maximum credit per site authorized under paragraph (i).
18 This credit shall be applied first to the earliest year
19 for which there is a liability. If there is a credit under
20 this subsection from more than one tax year that is
21 available to offset a liability, the earliest credit
22 arising under this subsection shall be applied first. A
23 credit allowed under this subsection may be sold to a
24 buyer as part of a sale of all or part of the remediation
25 site for which the credit was granted. The purchaser of a
26 remediation site and the tax credit shall succeed to the

1 unused credit and remaining carry-forward period of the
2 seller. To perfect the transfer, the assignor shall record
3 the transfer in the chain of title for the site and provide
4 written notice to the Director of the Illinois Department
5 of Revenue of the assignor's intent to sell the
6 remediation site and the amount of the tax credit to be
7 transferred as a portion of the sale. In no event may a
8 credit be transferred to any taxpayer if the taxpayer or a
9 related party would not be eligible under the provisions
10 of subsection (i).

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

14 (m) Education expense credit. Beginning with tax years
15 ending after December 31, 1999, a taxpayer who is the
16 custodian of one or more qualifying pupils shall be allowed a
17 credit against the tax imposed by subsections (a) and (b) of
18 this Section for qualified education expenses incurred on
19 behalf of the qualifying pupils. The credit shall be equal to
20 25% of qualified education expenses, but in no event may the
21 total credit under this subsection claimed by a family that is
22 the custodian of qualifying pupils exceed (i) \$500 for tax
23 years ending prior to December 31, 2017, and (ii) \$750 for tax
24 years ending on or after December 31, 2017. In no event shall a
25 credit under this subsection reduce the taxpayer's liability
26 under this Act to less than zero. Notwithstanding any other

1 provision of law, for taxable years beginning on or after
2 January 1, 2017, no taxpayer may claim a credit under this
3 subsection (m) if the taxpayer's adjusted gross income for the
4 taxable year exceeds (i) \$500,000, in the case of spouses
5 filing a joint federal tax return or (ii) \$250,000, in the case
6 of all other taxpayers. This subsection is exempt from the
7 provisions of Section 250 of this Act.

8 For purposes of this subsection:

9 "Qualifying pupils" means individuals who (i) are
10 residents of the State of Illinois, (ii) are under the age of
11 21 at the close of the school year for which a credit is
12 sought, and (iii) during the school year for which a credit is
13 sought were full-time pupils enrolled in a kindergarten
14 through twelfth grade education program at any school, as
15 defined in this subsection.

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

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

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

4 (n) River Edge Redevelopment Zone site remediation tax
5 credit.

6 (i) For tax years ending on or after December 31,
7 2006, a taxpayer shall be allowed a credit against the tax
8 imposed by subsections (a) and (b) of this Section for
9 certain amounts paid for unreimbursed eligible remediation
10 costs, as specified in this subsection. For purposes of
11 this Section, "unreimbursed eligible remediation costs"
12 means costs approved by the Illinois Environmental
13 Protection Agency ("Agency") under Section 58.14a of the
14 Environmental Protection Act that were paid in performing
15 environmental remediation at a site within a River Edge
16 Redevelopment Zone for which a No Further Remediation
17 Letter was issued by the Agency and recorded under Section
18 58.10 of the Environmental Protection Act. The credit must
19 be claimed for the taxable year in which Agency approval
20 of the eligible remediation costs is granted. The credit
21 is not available to any taxpayer if the taxpayer or any
22 related party caused or contributed to, in any material
23 respect, a release of regulated substances on, in, or
24 under the site that was identified and addressed by the
25 remedial action pursuant to the Site Remediation Program
26 of the Environmental Protection Act. Determinations as to

1 credit availability for purposes of this Section shall be
2 made consistent with rules adopted by the Pollution
3 Control Board pursuant to the Illinois Administrative
4 Procedure Act for the administration and enforcement of
5 Section 58.9 of the Environmental Protection Act. For
6 purposes of this Section, "taxpayer" includes a person
7 whose tax attributes the taxpayer has succeeded to under
8 Section 381 of the Internal Revenue Code and "related
9 party" includes the persons disallowed a deduction for
10 losses by paragraphs (b), (c), and (f)(1) of Section 267
11 of the Internal Revenue Code by virtue of being a related
12 taxpayer, as well as any of its partners. The credit
13 allowed against the tax imposed by subsections (a) and (b)
14 shall be equal to 25% of the unreimbursed eligible
15 remediation costs in excess of \$100,000 per site.

16 (ii) A credit allowed under this subsection that is
17 unused in the year the credit is earned may be carried
18 forward to each of the 5 taxable years following the year
19 for which the credit is first earned until it is used. This
20 credit shall be applied first to the earliest year for
21 which there is a liability. If there is a credit under this
22 subsection from more than one tax year that is available
23 to offset a liability, the earliest credit arising under
24 this subsection shall be applied first. A credit allowed
25 under this subsection may be sold to a buyer as part of a
26 sale of all or part of the remediation site for which the

1 credit was granted. The purchaser of a remediation site
2 and the tax credit shall succeed to the unused credit and
3 remaining carry-forward period of the seller. To perfect
4 the transfer, the assignor shall record the transfer in
5 the chain of title for the site and provide written notice
6 to the Director of the Illinois Department of Revenue of
7 the assignor's intent to sell the remediation site and the
8 amount of the tax credit to be transferred as a portion of
9 the sale. In no event may a credit be transferred to any
10 taxpayer if the taxpayer or a related party would not be
11 eligible under the provisions of subsection (i).

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

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

25 (1) the medical cannabis cultivation center
26 registration, medical cannabis dispensary registration, or

1 the property of a registration is transferred as a result
2 of any of the following:

3 (A) bankruptcy, a receivership, or a debt
4 adjustment initiated by or against the initial
5 registration or the substantial owners of the initial
6 registration;

7 (B) cancellation, revocation, or termination of
8 any registration by the Illinois Department of Public
9 Health;

10 (C) a determination by the Illinois Department of
11 Public Health that transfer of the registration is in
12 the best interests of Illinois qualifying patients as
13 defined by the Compassionate Use of Medical Cannabis
14 Program Act;

15 (D) the death of an owner of the equity interest in
16 a registrant;

17 (E) the acquisition of a controlling interest in
18 the stock or substantially all of the assets of a
19 publicly traded company;

20 (F) a transfer by a parent company to a wholly
21 owned subsidiary; or

22 (G) the transfer or sale to or by one person to
23 another person where both persons were initial owners
24 of the registration when the registration was issued;
25 or

26 (2) the cannabis cultivation center registration,

1 medical cannabis dispensary registration, or the
2 controlling interest in a registrant's property is
3 transferred in a transaction to lineal descendants in
4 which no gain or loss is recognized or as a result of a
5 transaction in accordance with Section 351 of the Internal
6 Revenue Code in which no gain or loss is recognized.

7 (p) Illinois Innovation Credit.

8 (1) For tax years ending on or after December 31,
9 2021, a taxpayer shall be allowed a credit against the tax
10 imposed by subsections (a) and (b) of this Section in an
11 amount equal to 1.3% of the qualified research expenses
12 made by the taxpayer in Illinois. In no event shall a
13 credit under this subsection reduce the taxpayer's
14 liability under this Act to less than zero. A taxpayer may
15 elect to have the unused credit shown on its final
16 completed return carried over as a credit against his or
17 her tax liability for the following 5 taxable years or
18 until the credit has been fully used, whichever occurs
19 first. This subsection (p) is exempt from the provisions
20 of Section 250 of this Act.

21 (2) As used in this subsection:

22 "Qualified research" means activities designed to
23 promote any or all of the following:

24 (A) new computer modeling technology;

25 (B) new 3D modeling or imaging technology;

26 (C) new public infrastructure materials; or

1 (D) new public infrastructure design.

2 "Qualified research expenses" means:

3 (A) any wages paid or incurred to an employee for
4 qualified services performed by such employee;

5 (B) any amount paid or incurred for supplies used
6 in the conduct of qualified research; and

7 (C) any amount paid or incurred by the taxpayer to
8 any person (other than an employee of the taxpayer)
9 for qualified research.

10 (Source: P.A. 100-22, eff. 7-6-17; 101-8, see Section 99 for
11 effective date; 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;
12 101-207, eff. 8-2-19; 101-363, eff. 8-9-19; revised 11-18-20.)

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