

HB2888



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB2888

Introduced 2/19/2021, by Rep. Adam Niemerg

SYNOPSIS AS INTRODUCED:

35 ILCS 5/201

Amends the Illinois Income Tax Act. Reduces the rate of tax on corporations from 7% to 5.5%. Effective immediately.

LRB102 11372 HLH 16705 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 and ending prior to
13 January 1, 2021, an amount equal to 7% of the taxpayer's
14 net income for the taxable year.

15 (15) In the case of a corporation, for taxable years
16 beginning prior to January 1, 2021, and ending after
17 December 31, 2020, an amount equal to the sum of (i) 7% of
18 the taxpayer's net income for the period prior to January
19 1, 2021, as calculated under Section 202.5, and (ii) 5.5%
20 of the taxpayer's net income for the period after December
21 31, 2020, as calculated under Section 202.5.

22 (16) In the case of a corporation, for taxable years
23 beginning on or after January 1, 2021, an amount equal to
24 5.5% of the taxpayer's net income for the taxable year.

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

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

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

16 (A) bankruptcy, a receivership, or a debt
17 adjustment initiated by or against the initial
18 licensee or the substantial owners of the initial
19 licensee;

20 (B) cancellation, revocation, or termination of
21 any such license by the Illinois Gaming Board or the
22 Illinois Racing Board;

23 (C) a determination by the Illinois Gaming Board
24 that transfer of the license is in the best interests
25 of Illinois gaming;

26 (D) the death of an owner of the equity interest in

1 a licensee;

2 (E) the acquisition of a controlling interest in
3 the stock or substantially all of the assets of a
4 publicly traded company;

5 (F) a transfer by a parent company to a wholly
6 owned subsidiary; or

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

10 (2) the controlling interest in the organization
11 gaming license, organization license, or racetrack
12 property is transferred in a transaction to lineal
13 descendants in which no gain or loss is recognized or as a
14 result of a transaction in accordance with Section 351 of
15 the Internal Revenue Code in which no gain or loss is
16 recognized; or

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

21 The transfer of an organization gaming license,
22 organization license, or racetrack property by a person other
23 than the initial licensee to receive the organization gaming
24 license is not subject to a surcharge. The Department shall
25 adopt rules necessary to implement and administer this
26 subsection.

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

14 (d) Additional Personal Property Tax Replacement Income
15 Tax Rates. The personal property tax replacement income tax
16 imposed by this subsection and subsection (c) of this Section
17 in the case of a corporation, other than a Subchapter S
18 corporation and except as adjusted by subsection (d-1), shall
19 be an additional amount equal to 2.85% of such taxpayer's net
20 income for the taxable year, except that beginning on January
21 1, 1981, and thereafter, the rate of 2.85% specified in this
22 subsection shall be reduced to 2.5%, and in the case of a
23 partnership, trust or a Subchapter S corporation shall be an
24 additional amount equal to 1.5% of such taxpayer's net income
25 for the taxable year.

26 (d-1) Rate reduction for certain foreign insurers. In the

1 case of a foreign insurer, as defined by Section 35A-5 of the
2 Illinois Insurance Code, whose state or country of domicile
3 imposes on insurers domiciled in Illinois a retaliatory tax
4 (excluding any insurer whose premiums from reinsurance assumed
5 are 50% or more of its total insurance premiums as determined
6 under paragraph (2) of subsection (b) of Section 304, except
7 that for purposes of this determination premiums from
8 reinsurance do not include premiums from inter-affiliate
9 reinsurance arrangements), beginning with taxable years ending
10 on or after December 31, 1999, the sum of the rates of tax
11 imposed by subsections (b) and (d) shall be reduced (but not
12 increased) to the rate at which the total amount of tax imposed
13 under this Act, net of all credits allowed under this Act,
14 shall equal (i) the total amount of tax that would be imposed
15 on the foreign insurer's net income allocable to Illinois for
16 the taxable year by such foreign insurer's state or country of
17 domicile if that net income were subject to all income taxes
18 and taxes measured by net income imposed by such foreign
19 insurer's state or country of domicile, net of all credits
20 allowed or (ii) a rate of zero if no such tax is imposed on
21 such income by the foreign insurer's state of domicile. For
22 the purposes of this subsection (d-1), an inter-affiliate
23 includes a mutual insurer under common management.

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

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

4 (B) the privilege tax imposed by Section 409 of
5 the Illinois Insurance Code, the fire insurance
6 company tax imposed by Section 12 of the Fire
7 Investigation Act, and the fire department taxes
8 imposed under Section 11-10-1 of the Illinois
9 Municipal Code,

10 equals 1.25% for taxable years ending prior to December
11 31, 2003, or 1.75% for taxable years ending on or after
12 December 31, 2003, of the net taxable premiums written for
13 the taxable year, as described by subsection (1) of
14 Section 409 of the Illinois Insurance Code. This paragraph
15 will in no event increase the rates imposed under
16 subsections (b) and (d).

17 (2) Any reduction in the rates of tax imposed by this
18 subsection shall be applied first against the rates
19 imposed by subsection (b) and only after the tax imposed
20 by subsection (a) net of all credits allowed under this
21 Section other than the credit allowed under subsection (i)
22 has been reduced to zero, against the rates imposed by
23 subsection (d).

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

26 (e) Investment credit. A taxpayer shall be allowed a

1 credit against the Personal Property Tax Replacement Income
2 Tax for investment in qualified property.

3 (1) A taxpayer shall be allowed a credit equal to .5%
4 of the basis of qualified property placed in service
5 during the taxable year, provided such property is placed
6 in service on or after July 1, 1984. There shall be allowed
7 an additional credit equal to .5% of the basis of
8 qualified property placed in service during the taxable
9 year, provided such property is placed in service on or
10 after July 1, 1986, and the taxpayer's base employment
11 within Illinois has increased by 1% or more over the
12 preceding year as determined by the taxpayer's employment
13 records filed with the Illinois Department of Employment
14 Security. Taxpayers who are new to Illinois shall be
15 deemed to have met the 1% growth in base employment for the
16 first year in which they file employment records with the
17 Illinois Department of Employment Security. The provisions
18 added to this Section by Public Act 85-1200 (and restored
19 by Public Act 87-895) shall be construed as declaratory of
20 existing law and not as a new enactment. If, in any year,
21 the increase in base employment within Illinois over the
22 preceding year is less than 1%, the additional credit
23 shall be limited to that percentage times a fraction, the
24 numerator of which is .5% and the denominator of which is
25 1%, but shall not exceed .5%. The investment credit shall
26 not be allowed to the extent that it would reduce a

1 taxpayer's liability in any tax year below zero, nor may
2 any credit for qualified property be allowed for any year
3 other than the year in which the property was placed in
4 service in Illinois. For tax years ending on or after
5 December 31, 1987, and on or before December 31, 1988, the
6 credit shall be allowed for the tax year in which the
7 property is placed in service, or, if the amount of the
8 credit exceeds the tax liability for that year, whether it
9 exceeds the original liability or the liability as later
10 amended, such excess may be carried forward and applied to
11 the tax liability of the 5 taxable years following the
12 excess credit years if the taxpayer (i) makes investments
13 which cause the creation of a minimum of 2,000 full-time
14 equivalent jobs in Illinois, (ii) is located in an
15 enterprise zone established pursuant to the Illinois
16 Enterprise Zone Act and (iii) is certified by the
17 Department of Commerce and Community Affairs (now
18 Department of Commerce and Economic Opportunity) as
19 complying with the requirements specified in clause (i)
20 and (ii) by July 1, 1986. The Department of Commerce and
21 Community Affairs (now Department of Commerce and Economic
22 Opportunity) shall notify the Department of Revenue of all
23 such certifications immediately. For tax years ending
24 after December 31, 1988, the credit shall be allowed for
25 the tax year in which the property is placed in service,
26 or, if the amount of the credit exceeds the tax liability

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

9 (2) The term "qualified property" means property
10 which:

11 (A) is tangible, whether new or used, including
12 buildings and structural components of buildings and
13 signs that are real property, but not including land
14 or improvements to real property that are not a
15 structural component of a building such as
16 landscaping, sewer lines, local access roads, fencing,
17 parking lots, and other appurtenances;

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

23 (C) is acquired by purchase as defined in Section
24 179(d) of the Internal Revenue Code;

25 (D) is used in Illinois by a taxpayer who is
26 primarily engaged in manufacturing, or in mining coal

1 or fluorite, or in retailing, or was placed in service
2 on or after July 1, 2006 in a River Edge Redevelopment
3 Zone established pursuant to the River Edge
4 Redevelopment Zone Act; and

5 (E) has not previously been used in Illinois in
6 such a manner and by such a person as would qualify for
7 the credit provided by this subsection (e) or
8 subsection (f).

9 (3) For purposes of this subsection (e),
10 "manufacturing" means the material staging and production
11 of tangible personal property by procedures commonly
12 regarded as manufacturing, processing, fabrication, or
13 assembling which changes some existing material into new
14 shapes, new qualities, or new combinations. For purposes
15 of this subsection (e) the term "mining" shall have the
16 same meaning as the term "mining" in Section 613(c) of the
17 Internal Revenue Code. For purposes of this subsection
18 (e), the term "retailing" means the sale of tangible
19 personal property for use or consumption and not for
20 resale, or services rendered in conjunction with the sale
21 of tangible personal property for use or consumption and
22 not for resale. For purposes of this subsection (e),
23 "tangible personal property" has the same meaning as when
24 that term is used in the Retailers' Occupation Tax Act,
25 and, for taxable years ending after December 31, 2008,
26 does not include the generation, transmission, or

1 distribution of electricity.

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

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

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

12 (7) 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 Illinois within 48
16 months after being placed in service, the Personal
17 Property Tax Replacement Income Tax for such taxable year
18 shall be increased. Such increase shall be determined by
19 (i) recomputing the investment credit which would have
20 been allowed for the year in which credit for such
21 property was originally allowed by eliminating such
22 property from such computation and, (ii) subtracting such
23 recomputed credit from the amount of credit previously
24 allowed. For the purposes of this paragraph (7), a
25 reduction of the basis of qualified property resulting
26 from a redetermination of the purchase price shall be

1 deemed a disposition of qualified property to the extent
2 of such reduction.

3 (8) Unless the investment credit is extended by law,
4 the basis of qualified property shall not include costs
5 incurred after December 31, 2018, except for costs
6 incurred pursuant to a binding contract entered into on or
7 before December 31, 2018.

8 (9) Each taxable year ending before December 31, 2000,
9 a partnership may elect to pass through to its partners
10 the credits to which the partnership is entitled under
11 this subsection (e) for the taxable year. A partner may
12 use the credit allocated to him or her under this
13 paragraph only against the tax imposed in subsections (c)
14 and (d) of this Section. If the partnership makes that
15 election, those credits shall be allocated among the
16 partners in the partnership in accordance with the rules
17 set forth in Section 704(b) of the Internal Revenue Code,
18 and the rules promulgated under that Section, and the
19 allocated amount of the credits shall be allowed to the
20 partners for that taxable year. The partnership shall make
21 this election on its Personal Property Tax Replacement
22 Income Tax return for that taxable year. The election to
23 pass through the credits shall be irrevocable.

24 For taxable years ending on or after December 31,
25 2000, a partner that qualifies its partnership for a
26 subtraction under subparagraph (I) of paragraph (2) of

1 subsection (d) of Section 203 or a shareholder that
2 qualifies a Subchapter S corporation for a subtraction
3 under subparagraph (S) of paragraph (2) of subsection (b)
4 of Section 203 shall be allowed a credit under this
5 subsection (e) equal to its share of the credit earned
6 under this subsection (e) during the taxable year by the
7 partnership or Subchapter S corporation, determined in
8 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. This
11 paragraph is exempt from the provisions of Section 250.

12 (f) Investment credit; Enterprise Zone; River Edge
13 Redevelopment Zone.

14 (1) A taxpayer shall be allowed a credit against the
15 tax imposed by subsections (a) and (b) of this Section for
16 investment in qualified property which is placed in
17 service in an Enterprise Zone created pursuant to the
18 Illinois Enterprise Zone Act or, for property placed in
19 service on or after July 1, 2006, a River Edge
20 Redevelopment Zone established pursuant to the River Edge
21 Redevelopment Zone Act. For partners, shareholders of
22 Subchapter S corporations, and owners of limited liability
23 companies, if the liability company is treated as a
24 partnership for purposes of federal and State income
25 taxation, there shall be allowed a credit under this
26 subsection (f) to be determined in accordance with the

1 determination of income and distributive share of income
2 under Sections 702 and 704 and Subchapter S of the
3 Internal Revenue Code. The credit shall be .5% of the
4 basis for such property. The credit shall be available
5 only in the taxable year in which the property is placed in
6 service in the Enterprise Zone or River Edge Redevelopment
7 Zone and shall not be allowed to the extent that it would
8 reduce a taxpayer's liability for the tax imposed by
9 subsections (a) and (b) of this Section to below zero. For
10 tax years ending on or after December 31, 1985, the credit
11 shall be allowed for the tax year in which the property is
12 placed in service, or, if the amount of the credit exceeds
13 the tax liability for that year, whether it exceeds the
14 original liability or the liability as later amended, such
15 excess may be carried forward and applied to the tax
16 liability of the 5 taxable years following the excess
17 credit year. The credit shall be applied to the earliest
18 year for which there is a liability. If there is credit
19 from more than one tax year that is available to offset a
20 liability, the credit accruing first in time shall be
21 applied first.

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

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

25 (B) is depreciable pursuant to Section 167 of the
26 Internal Revenue Code, except that "3-year property"

1 as defined in Section 168(c)(2)(A) of that Code is not
2 eligible for the credit provided by this subsection
3 (f);

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

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

8 (E) has not been previously used in Illinois in
9 such a manner and by such a person as would qualify for
10 the credit provided by this subsection (f) or
11 subsection (e).

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

15 (4) If the basis of the property for federal income
16 tax depreciation purposes is increased after it has been
17 placed in service in the Enterprise Zone or River Edge
18 Redevelopment Zone by the taxpayer, the amount of such
19 increase shall be deemed property placed in service on the
20 date of such increase in basis.

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

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

1 Zone or River Edge Redevelopment Zone within 48 months
2 after being placed in service, the tax imposed under
3 subsections (a) and (b) of this Section for such taxable
4 year shall be increased. Such increase shall be determined
5 by (i) recomputing the investment credit which would have
6 been allowed for the year in which credit for such
7 property was originally allowed by eliminating such
8 property from such computation, and (ii) subtracting such
9 recomputed credit from the amount of credit previously
10 allowed. For the purposes of this paragraph (6), a
11 reduction of the basis of qualified property resulting
12 from a redetermination of the purchase price shall be
13 deemed a disposition of qualified property to the extent
14 of such reduction.

15 (7) There shall be allowed an additional credit equal
16 to 0.5% of the basis of qualified property placed in
17 service during the taxable year in a River Edge
18 Redevelopment Zone, provided such property is placed in
19 service on or after July 1, 2006, and the taxpayer's base
20 employment within Illinois has increased by 1% or more
21 over the preceding year as determined by the taxpayer's
22 employment records filed with the Illinois Department of
23 Employment Security. Taxpayers who are new to Illinois
24 shall be deemed to have met the 1% growth in base
25 employment for the first year in which they file
26 employment records with the Illinois Department of

1 Employment Security. If, in any year, the increase in base
2 employment within Illinois over the preceding year is less
3 than 1%, the additional credit shall be limited to that
4 percentage times a fraction, the numerator of which is
5 0.5% and the denominator of which is 1%, but shall not
6 exceed 0.5%.

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

12 The credit or credits may not reduce the taxpayer's
13 liability to less than zero. If the amount of the credit or
14 credits exceeds the taxpayer's liability, the excess may
15 be carried forward and applied against the taxpayer's
16 liability in succeeding calendar years in the same manner
17 provided under paragraph (4) of Section 211 of this Act.
18 The credit or credits shall be applied to the earliest
19 year for which there is a tax liability. If there are
20 credits from more than one taxable year that are available
21 to offset a liability, the earlier credit shall be applied
22 first.

23 For partners, shareholders of Subchapter S
24 corporations, and owners of limited liability companies,
25 if the liability company is treated as a partnership for
26 the purposes of federal and State income taxation, there

1 shall be allowed a credit under this Section to be
2 determined in accordance with the determination of income
3 and distributive share of income under Sections 702 and
4 704 and Subchapter S of the Internal Revenue Code.

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

9 This paragraph (8) is exempt from the provisions of
10 Section 250.

11 (g) (Blank).

12 (h) Investment credit; High Impact Business.

13 (1) Subject to subsections (b) and (b-5) of Section
14 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall
15 be allowed a credit against the tax imposed by subsections
16 (a) and (b) of this Section for investment in qualified
17 property which is placed in service by a Department of
18 Commerce and Economic Opportunity designated High Impact
19 Business. The credit shall be .5% of the basis for such
20 property. The credit shall not be available (i) until the
21 minimum investments in qualified property set forth in
22 subdivision (a)(3)(A) of Section 5.5 of the Illinois
23 Enterprise Zone Act have been satisfied or (ii) until the
24 time authorized in subsection (b-5) of the Illinois
25 Enterprise Zone Act for entities designated as High Impact
26 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and

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

1 Changes made in this subdivision (h) (1) by Public Act
2 88-670 restore changes made by Public Act 85-1182 and
3 reflect existing law.

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 (h);

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

14 (D) is not eligible for the Enterprise Zone
15 Investment Credit provided by subsection (f) of this
16 Section.

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

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

26 (5) The term "placed in service" shall have the same

1 meaning as under Section 46 of the Internal Revenue Code.

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

20 (7) Beginning with tax years ending after December 31,
21 1996, if a taxpayer qualifies for the credit under this
22 subsection (h) and thereby is granted a tax abatement and
23 the taxpayer relocates its entire facility in violation of
24 the explicit terms and length of the contract under
25 Section 18-183 of the Property Tax Code, the tax imposed
26 under subsections (a) and (b) of this Section shall be

1 increased for the taxable year in which the taxpayer
2 relocated its facility by an amount equal to the amount of
3 credit received by the taxpayer under this subsection (h).

4 (h-5) High Impact Business construction ~~constructions~~ jobs
5 credit. For taxable years beginning on or after January 1,
6 2021, there shall also be allowed a High Impact Business
7 construction jobs credit against the tax imposed under
8 subsections (a) and (b) of this Section as provided in
9 subsections (i) and (j) of Section 5.5 of the Illinois
10 Enterprise Zone Act.

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

21 For partners, shareholders of Subchapter S corporations,
22 and owners of limited liability companies, if the liability
23 company is treated as a partnership for the purposes of
24 federal and State income taxation, there shall be allowed a
25 credit under this Section to be determined in accordance with
26 the determination of income and distributive share of income

1 under Sections 702 and 704 and Subchapter S of the Internal
2 Revenue Code.

3 The total aggregate amount of credits awarded under the
4 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~
5 ~~amendatory Act of the 101st General Assembly~~) shall not exceed
6 \$20,000,000 in any State fiscal year.

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

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

19 Any credit earned on or after December 31, 1986 under this
20 subsection which is unused in the year the credit is computed
21 because it exceeds the tax liability imposed by subsections
22 (a) and (b) for that year (whether it exceeds the original
23 liability or the liability as later amended) may be carried
24 forward and applied to the tax liability imposed by
25 subsections (a) and (b) of the 5 taxable years following the
26 excess credit year, provided that no credit may be carried

1 forward to any year ending on or after December 31, 2003. This
2 credit shall be applied first to the earliest year for which
3 there is a liability. If there is a credit under this
4 subsection from more than one tax year that is available to
5 offset a liability the earliest credit arising under this
6 subsection shall be applied first.

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

17 (j) Training expense credit. Beginning with tax years
18 ending on or after December 31, 1986 and prior to December 31,
19 2003, a taxpayer shall be allowed a credit against the tax
20 imposed by subsections (a) and (b) under this Section for all
21 amounts paid or accrued, on behalf of all persons employed by
22 the taxpayer in Illinois or Illinois residents employed
23 outside of Illinois by a taxpayer, for educational or
24 vocational training in semi-technical or technical fields or
25 semi-skilled or skilled fields, which were deducted from gross
26 income in the computation of taxable income. The credit

1 against the tax imposed by subsections (a) and (b) shall be
2 1.6% of such training expenses. For partners, shareholders of
3 subchapter S corporations, and owners of limited liability
4 companies, if the liability company is treated as a
5 partnership for purposes of federal and State income taxation,
6 there shall be allowed a credit under this subsection (j) to be
7 determined in accordance with the determination of income and
8 distributive share of income under Sections 702 and 704 and
9 subchapter S of the Internal Revenue Code.

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

20 (k) Research and development credit. For tax years ending
21 after July 1, 1990 and prior to December 31, 2003, and
22 beginning again for tax years ending on or after December 31,
23 2004, and ending prior to January 1, 2027, a taxpayer shall be
24 allowed a credit against the tax imposed by subsections (a)
25 and (b) of this Section for increasing research activities in
26 this State. The credit allowed against the tax imposed by

1 subsections (a) and (b) shall be equal to 6 1/2% of the
2 qualifying expenditures for increasing research activities in
3 this State. For partners, shareholders of subchapter S
4 corporations, and owners of limited liability companies, if
5 the liability company is treated as a partnership for purposes
6 of federal and State income taxation, there shall be allowed a
7 credit under this subsection to be determined in accordance
8 with the determination of income and distributive share of
9 income under Sections 702 and 704 and subchapter S of the
10 Internal Revenue Code.

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

24 Any credit in excess of the tax liability for the taxable
25 year may be carried forward. A taxpayer may elect to have the
26 unused credit shown on its final completed return carried over

1 as a credit against the tax liability for the following 5
2 taxable years or until it has been fully used, whichever
3 occurs first; provided that no credit earned in a tax year
4 ending prior to December 31, 2003 may be carried forward to any
5 year ending on or after December 31, 2003.

6 If an unused credit is carried forward to a given year from
7 2 or more earlier years, that credit arising in the earliest
8 year will be applied first against the tax liability for the
9 given year. If a tax liability for the given year still
10 remains, the credit from the next earliest year will then be
11 applied, and so on, until all credits have been used or no tax
12 liability for the given year remains. Any remaining unused
13 credit or credits then will be carried forward to the next
14 following year in which a tax liability is incurred, except
15 that no credit can be carried forward to a year which is more
16 than 5 years after the year in which the expense for which the
17 credit is given was incurred.

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

21 It is the intent of the General Assembly that the research
22 and development credit under this subsection (k) shall apply
23 continuously for all tax years ending on or after December 31,
24 2004 and ending prior to January 1, 2027, including, but not
25 limited to, the period beginning on January 1, 2016 and ending
26 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~

1 ~~amendatory Act of the 100th General Assembly.~~ All actions
2 taken in reliance on the continuation of the credit under this
3 subsection (k) by any taxpayer are hereby validated.

4 (l) Environmental Remediation Tax Credit.

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

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

26 (ii) A credit allowed under this subsection that is

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

26 (iii) For purposes of this Section, the term "site"

1 shall have the same meaning as under Section 58.2 of the
2 Environmental Protection Act.

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

23 For purposes of this subsection:

24 "Qualifying pupils" means individuals who (i) are
25 residents of the State of Illinois, (ii) are under the age of
26 21 at the close of the school year for which a credit is

1 sought, and (iii) during the school year for which a credit is
2 sought were full-time pupils enrolled in a kindergarten
3 through twelfth grade education program at any school, as
4 defined in this subsection.

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

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

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

19 (n) River Edge Redevelopment Zone site remediation tax
20 credit.

21 (i) For tax years ending on or after December 31,
22 2006, a taxpayer shall be allowed a credit against the tax
23 imposed by subsections (a) and (b) of this Section for
24 certain amounts paid for unreimbursed eligible remediation
25 costs, as specified in this subsection. For purposes of
26 this Section, "unreimbursed eligible remediation costs"

1 means costs approved by the Illinois Environmental
2 Protection Agency ("Agency") under Section 58.14a of the
3 Environmental Protection Act that were paid in performing
4 environmental remediation at a site within a River Edge
5 Redevelopment Zone for which a No Further Remediation
6 Letter was issued by the Agency and recorded under Section
7 58.10 of the Environmental Protection Act. The credit must
8 be claimed for the taxable year in which Agency approval
9 of the eligible remediation costs is granted. The credit
10 is not available to any taxpayer if the taxpayer or any
11 related party caused or contributed to, in any material
12 respect, a release of regulated substances on, in, or
13 under the site that was identified and addressed by the
14 remedial action pursuant to the Site Remediation Program
15 of the Environmental Protection Act. Determinations as to
16 credit availability for purposes of this Section shall be
17 made consistent with rules adopted by the Pollution
18 Control Board pursuant to the Illinois Administrative
19 Procedure Act for the administration and enforcement of
20 Section 58.9 of the Environmental Protection Act. For
21 purposes of this Section, "taxpayer" includes a person
22 whose tax attributes the taxpayer has succeeded to under
23 Section 381 of the Internal Revenue Code and "related
24 party" includes the persons disallowed a deduction for
25 losses by paragraphs (b), (c), and (f)(1) of Section 267
26 of the Internal Revenue Code by virtue of being a related

1 taxpayer, as well as any of its partners. The credit
2 allowed against the tax imposed by subsections (a) and (b)
3 shall be equal to 25% of the unreimbursed eligible
4 remediation costs in excess of \$100,000 per site.

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

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

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

14 (1) the medical cannabis cultivation center
15 registration, medical cannabis dispensary registration, or
16 the property of a registration is transferred as a result
17 of any of the following:

18 (A) bankruptcy, a receivership, or a debt
19 adjustment initiated by or against the initial
20 registration or the substantial owners of the initial
21 registration;

22 (B) cancellation, revocation, or termination of
23 any registration by the Illinois Department of Public
24 Health;

25 (C) a determination by the Illinois Department of
26 Public Health that transfer of the registration is in

1 the best interests of Illinois qualifying patients as
2 defined by the Compassionate Use of Medical Cannabis
3 Program Act;

4 (D) the death of an owner of the equity interest in
5 a registrant;

6 (E) the acquisition of a controlling interest in
7 the stock or substantially all of the assets of a
8 publicly traded company;

9 (F) a transfer by a parent company to a wholly
10 owned subsidiary; or

11 (G) the transfer or sale to or by one person to
12 another person where both persons were initial owners
13 of the registration when the registration was issued;
14 or

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

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

25 (Text of Section with the changes made by P.A. 101-8,

1 which did not take effect (see Section 99 of P.A. 101-8))

2 Sec. 201. Tax imposed.

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

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

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

17 (2) In the case of an individual, trust or estate, for
18 taxable years beginning prior to July 1, 1989 and ending
19 after June 30, 1989, an amount equal to the sum of (i) 2
20 1/2% of the taxpayer's net income for the period prior to
21 July 1, 1989, as calculated under Section 202.3, and (ii)
22 3% of the taxpayer's net income for the period after June
23 30, 1989, as calculated under Section 202.3.

24 (3) In the case of an individual, trust or estate, for
25 taxable years beginning after June 30, 1989, and ending
26 prior to January 1, 2011, an amount equal to 3% of the

1 taxpayer's net income for the taxable year.

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

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

13 (5.1) In the case of an individual, trust, or estate,
14 for taxable years beginning prior to January 1, 2015, and
15 ending after December 31, 2014, an amount equal to the sum
16 of (i) 5% of the taxpayer's net income for the period prior
17 to January 1, 2015, as calculated under Section 202.5, and
18 (ii) 3.75% of the taxpayer's net income for the period
19 after December 31, 2014, as calculated under Section
20 202.5.

21 (5.2) In the case of an individual, trust, or estate,
22 for taxable years beginning on or after January 1, 2015,
23 and ending prior to July 1, 2017, an amount equal to 3.75%
24 of the taxpayer's net income for the taxable year.

25 (5.3) In the case of an individual, trust, or estate,
26 for taxable years beginning prior to July 1, 2017, and

1 ending after June 30, 2017, an amount equal to the sum of
2 (i) 3.75% of the taxpayer's net income for the period
3 prior to July 1, 2017, as calculated under Section 202.5,
4 and (ii) 4.95% of the taxpayer's net income for the period
5 after June 30, 2017, as calculated under Section 202.5.

6 (5.4) In the case of an individual, trust, or estate,
7 for taxable years beginning on or after July 1, 2017 ~~and~~
8 ~~beginning prior to January 1, 2021~~, an amount equal to
9 4.95% of the taxpayer's net income for the taxable year.

10 ~~(5.5) In the case of an individual, trust, or estate,~~
11 ~~for taxable years beginning on or after January 1, 2021,~~
12 ~~an amount calculated under the rate structure set forth in~~
13 ~~Section 201.1.~~

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

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

24 (8) In the case of a corporation, for taxable years
25 beginning after June 30, 1989, and ending prior to January
26 1, 2011, an amount equal to 4.8% of the taxpayer's net

1 income for the taxable year.

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

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

13 (11) In the case of a corporation, for taxable years
14 beginning prior to January 1, 2015, and ending after
15 December 31, 2014, an amount equal to the sum of (i) 7% of
16 the taxpayer's net income for the period prior to January
17 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
18 of the taxpayer's net income for the period after December
19 31, 2014, as calculated under Section 202.5.

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

24 (13) In the case of a corporation, for taxable years
25 beginning prior to July 1, 2017, and ending after June 30,
26 2017, an amount equal to the sum of (i) 5.25% of the

1 taxpayer's net income for the period prior to July 1,
2 2017, as calculated under Section 202.5, and (ii) 7% of
3 the taxpayer's net income for the period after June 30,
4 2017, as calculated under Section 202.5.

5 (14) In the case of a corporation, for taxable years
6 beginning on or after July 1, 2017 and ending prior to
7 January 1, 2021 ~~and beginning prior to January 1, 2021~~, an
8 amount equal to 7% of the taxpayer's net income for the
9 taxable year.

10 (15) In the case of a corporation, for taxable years
11 beginning prior to January 1, 2021, and ending after
12 December 31, 2020, an amount equal to the sum of (i) 7% of
13 the taxpayer's net income for the period prior to January
14 1, 2021, as calculated under Section 202.5, and (ii) 5.5%
15 of the taxpayer's net income for the period after December
16 31, 2020, as calculated under Section 202.5.

17 (16) In the case of a corporation, for taxable years
18 beginning on or after January 1, 2021, an amount equal to
19 5.5% of the taxpayer's net income for the taxable year.

20 ~~(15) In the case of a corporation, for taxable years~~
21 ~~beginning on or after January 1, 2021, an amount equal to~~
22 ~~7.99% of the taxpayer's net income for the taxable year.~~

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

25 (b-5) Surcharge; sale or exchange of assets, properties,
26 and intangibles of organization gaming licensees. For each of

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

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

14 (A) bankruptcy, a receivership, or a debt
15 adjustment initiated by or against the initial
16 licensee or the substantial owners of the initial
17 licensee;

18 (B) cancellation, revocation, or termination of
19 any such license by the Illinois Gaming Board or the
20 Illinois Racing Board;

21 (C) a determination by the Illinois Gaming Board
22 that transfer of the license is in the best interests
23 of Illinois gaming;

24 (D) the death of an owner of the equity interest in
25 a licensee;

26 (E) the acquisition of a controlling interest in

1 the stock or substantially all of the assets of a
2 publicly traded company;

3 (F) a transfer by a parent company to a wholly
4 owned subsidiary; or

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

8 (2) the controlling interest in the organization
9 gaming license, organization license, or racetrack
10 property is transferred in a transaction to lineal
11 descendants in which no gain or loss is recognized or as a
12 result of a transaction in accordance with Section 351 of
13 the Internal Revenue Code in which no gain or loss is
14 recognized; or

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

19 The transfer of an organization gaming license,
20 organization license, or racetrack property by a person other
21 than the initial licensee to receive the organization gaming
22 license is not subject to a surcharge. The Department shall
23 adopt rules necessary to implement and administer this
24 subsection.

25 (c) Personal Property Tax Replacement Income Tax.
26 Beginning on July 1, 1979 and thereafter, in addition to such

1 income tax, there is also hereby imposed the Personal Property
2 Tax Replacement Income Tax measured by net income on every
3 corporation (including Subchapter S corporations), partnership
4 and trust, for each taxable year ending after June 30, 1979.
5 Such taxes are imposed on the privilege of earning or
6 receiving income in or as a resident of this State. The
7 Personal Property Tax Replacement Income Tax shall be in
8 addition to the income tax imposed by subsections (a) and (b)
9 of this Section and in addition to all other occupation or
10 privilege taxes imposed by this State or by any municipal
11 corporation or political subdivision thereof.

12 (d) Additional Personal Property Tax Replacement Income
13 Tax Rates. The personal property tax replacement income tax
14 imposed by this subsection and subsection (c) of this Section
15 in the case of a corporation, other than a Subchapter S
16 corporation and except as adjusted by subsection (d-1), shall
17 be an additional amount equal to 2.85% of such taxpayer's net
18 income for the taxable year, except that beginning on January
19 1, 1981, and thereafter, the rate of 2.85% specified in this
20 subsection shall be reduced to 2.5%, and in the case of a
21 partnership, trust or a Subchapter S corporation shall be an
22 additional amount equal to 1.5% of such taxpayer's net income
23 for the taxable year.

24 (d-1) Rate reduction for certain foreign insurers. In the
25 case of a foreign insurer, as defined by Section 35A-5 of the
26 Illinois Insurance Code, whose state or country of domicile

1 imposes on insurers domiciled in Illinois a retaliatory tax
2 (excluding any insurer whose premiums from reinsurance assumed
3 are 50% or more of its total insurance premiums as determined
4 under paragraph (2) of subsection (b) of Section 304, except
5 that for purposes of this determination premiums from
6 reinsurance do not include premiums from inter-affiliate
7 reinsurance arrangements), beginning with taxable years ending
8 on or after December 31, 1999, the sum of the rates of tax
9 imposed by subsections (b) and (d) shall be reduced (but not
10 increased) to the rate at which the total amount of tax imposed
11 under this Act, net of all credits allowed under this Act,
12 shall equal (i) the total amount of tax that would be imposed
13 on the foreign insurer's net income allocable to Illinois for
14 the taxable year by such foreign insurer's state or country of
15 domicile if that net income were subject to all income taxes
16 and taxes measured by net income imposed by such foreign
17 insurer's state or country of domicile, net of all credits
18 allowed or (ii) a rate of zero if no such tax is imposed on
19 such income by the foreign insurer's state of domicile. For
20 the purposes of this subsection (d-1), an inter-affiliate
21 includes a mutual insurer under common management.

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

25 (A) the total amount of tax imposed on such
26 foreign insurer under this Act for a taxable year, net

1 of all credits allowed under this Act, plus

2 (B) the privilege tax imposed by Section 409 of
3 the Illinois Insurance Code, the fire insurance
4 company tax imposed by Section 12 of the Fire
5 Investigation Act, and the fire department taxes
6 imposed under Section 11-10-1 of the Illinois
7 Municipal Code,

8 equals 1.25% for taxable years ending prior to December
9 31, 2003, or 1.75% for taxable years ending on or after
10 December 31, 2003, of the net taxable premiums written for
11 the taxable year, as described by subsection (1) of
12 Section 409 of the Illinois Insurance Code. This paragraph
13 will in no event increase the rates imposed under
14 subsections (b) and (d).

15 (2) Any reduction in the rates of tax imposed by this
16 subsection shall be applied first against the rates
17 imposed by subsection (b) and only after the tax imposed
18 by subsection (a) net of all credits allowed under this
19 Section other than the credit allowed under subsection (i)
20 has been reduced to zero, against the rates imposed by
21 subsection (d).

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

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

1 (1) A taxpayer shall be allowed a credit equal to .5%
2 of the basis of qualified property placed in service
3 during the taxable year, provided such property is placed
4 in service on or after July 1, 1984. There shall be allowed
5 an additional credit equal to .5% of the basis of
6 qualified property placed in service during the taxable
7 year, provided such property is placed in service on or
8 after July 1, 1986, and the taxpayer's base employment
9 within Illinois has increased by 1% or more over the
10 preceding year as determined by the taxpayer's employment
11 records filed with the Illinois Department of Employment
12 Security. Taxpayers who are new to Illinois shall be
13 deemed to have met the 1% growth in base employment for the
14 first year in which they file employment records with the
15 Illinois Department of Employment Security. The provisions
16 added to this Section by Public Act 85-1200 (and restored
17 by Public Act 87-895) shall be construed as declaratory of
18 existing law and not as a new enactment. If, in any year,
19 the increase in base employment within Illinois over the
20 preceding year is less than 1%, the additional credit
21 shall be limited to that percentage times a fraction, the
22 numerator of which is .5% and the denominator of which is
23 1%, but shall not exceed .5%. The investment credit shall
24 not be allowed to the extent that it would reduce a
25 taxpayer's liability in any tax year below zero, nor may
26 any credit for qualified property be allowed for any year

1 other than the year in which the property was placed in
2 service in Illinois. For tax years ending on or after
3 December 31, 1987, and on or before December 31, 1988, the
4 credit shall be allowed for the tax year in which the
5 property is placed in service, or, if the amount of the
6 credit exceeds the tax liability for that year, whether it
7 exceeds the original liability or the liability as later
8 amended, such excess may be carried forward and applied to
9 the tax liability of the 5 taxable years following the
10 excess credit years if the taxpayer (i) makes investments
11 which cause the creation of a minimum of 2,000 full-time
12 equivalent jobs in Illinois, (ii) is located in an
13 enterprise zone established pursuant to the Illinois
14 Enterprise Zone Act and (iii) is certified by the
15 Department of Commerce and Community Affairs (now
16 Department of Commerce and Economic Opportunity) as
17 complying with the requirements specified in clause (i)
18 and (ii) by July 1, 1986. The Department of Commerce and
19 Community Affairs (now Department of Commerce and Economic
20 Opportunity) shall notify the Department of Revenue of all
21 such certifications immediately. For tax years ending
22 after December 31, 1988, the credit shall be allowed for
23 the tax year in which the property is placed in service,
24 or, if the amount of the credit exceeds the tax liability
25 for that year, whether it exceeds the original liability
26 or the liability as later amended, such excess may be

1 carried forward and applied to the tax liability of the 5
2 taxable years following the excess credit years. The
3 credit shall be applied to the earliest year for which
4 there is a liability. If there is credit from more than one
5 tax year that is available to offset a liability, earlier
6 credit shall be applied first.

7 (2) The term "qualified property" means property
8 which:

9 (A) is tangible, whether new or used, including
10 buildings and structural components of buildings and
11 signs that are real property, but not including land
12 or improvements to real property that are not a
13 structural component of a building such as
14 landscaping, sewer lines, local access roads, fencing,
15 parking lots, and other appurtenances;

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

21 (C) is acquired by purchase as defined in Section
22 179(d) of the Internal Revenue Code;

23 (D) is used in Illinois by a taxpayer who is
24 primarily engaged in manufacturing, or in mining coal
25 or fluorite, or in retailing, or was placed in service
26 on or after July 1, 2006 in a River Edge Redevelopment

1 Zone established pursuant to the River Edge
2 Redevelopment Zone Act; and

3 (E) has not previously been used in Illinois in
4 such a manner and by such a person as would qualify for
5 the credit provided by this subsection (e) or
6 subsection (f).

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

26 (4) The basis of qualified property shall be the basis

1 used to compute the depreciation deduction for federal
2 income tax purposes.

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

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

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

1 (8) Unless the investment credit is extended by law,
2 the basis of qualified property shall not include costs
3 incurred after December 31, 2018, except for costs
4 incurred pursuant to a binding contract entered into on or
5 before December 31, 2018.

6 (9) Each taxable year ending before December 31, 2000,
7 a partnership may elect to pass through to its partners
8 the credits to which the partnership is entitled under
9 this subsection (e) for the taxable year. A partner may
10 use the credit allocated to him or her under this
11 paragraph only against the tax imposed in subsections (c)
12 and (d) of this Section. If the partnership makes that
13 election, those credits shall be allocated among the
14 partners in the partnership in accordance with the rules
15 set forth in Section 704(b) of the Internal Revenue Code,
16 and the rules promulgated under that Section, and the
17 allocated amount of the credits shall be allowed to the
18 partners for that taxable year. The partnership shall make
19 this election on its Personal Property Tax Replacement
20 Income Tax return for that taxable year. The election to
21 pass through the credits shall be irrevocable.

22 For taxable years ending on or after December 31,
23 2000, a partner that qualifies its partnership for a
24 subtraction under subparagraph (I) of paragraph (2) of
25 subsection (d) of Section 203 or a shareholder that
26 qualifies a Subchapter S corporation for a subtraction

1 under subparagraph (S) of paragraph (2) of subsection (b)
2 of Section 203 shall be allowed a credit under this
3 subsection (e) equal to its share of the credit earned
4 under this subsection (e) during the taxable year by the
5 partnership or Subchapter S corporation, determined in
6 accordance with the determination of income and
7 distributive share of income under Sections 702 and 704
8 and Subchapter S of the Internal Revenue Code. This
9 paragraph is exempt from the provisions of Section 250.

10 (f) Investment credit; Enterprise Zone; River Edge
11 Redevelopment Zone.

12 (1) A taxpayer shall be allowed a credit against the
13 tax imposed by subsections (a) and (b) of this Section for
14 investment in qualified property which is placed in
15 service in an Enterprise Zone created pursuant to the
16 Illinois Enterprise Zone Act or, for property placed in
17 service on or after July 1, 2006, a River Edge
18 Redevelopment Zone established pursuant to the River Edge
19 Redevelopment Zone Act. For partners, shareholders of
20 Subchapter S corporations, and owners of limited liability
21 companies, if the liability company is treated as a
22 partnership for purposes of federal and State income
23 taxation, there shall be allowed a credit under this
24 subsection (f) to be determined in accordance with the
25 determination of income and distributive share of income
26 under Sections 702 and 704 and Subchapter S of the

1 Internal Revenue Code. The credit shall be .5% of the
2 basis for such property. The credit shall be available
3 only in the taxable year in which the property is placed in
4 service in the Enterprise Zone or River Edge Redevelopment
5 Zone and shall not be allowed to the extent that it would
6 reduce a taxpayer's liability for the tax imposed by
7 subsections (a) and (b) of this Section to below zero. For
8 tax years ending on or after December 31, 1985, the credit
9 shall be allowed for the tax year in which the property is
10 placed in service, or, if the amount of the credit exceeds
11 the tax liability for that year, whether it exceeds the
12 original liability or the liability as later amended, such
13 excess may be carried forward and applied to the tax
14 liability of the 5 taxable years following the excess
15 credit year. The credit shall be applied to the earliest
16 year for which there is a liability. If there is credit
17 from more than one tax year that is available to offset a
18 liability, the credit accruing first in time shall be
19 applied first.

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

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

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

1 (f);

2 (C) is acquired by purchase as defined in Section
3 179(d) of the Internal Revenue Code;

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

6 (E) has not been previously used in Illinois in
7 such a manner and by such a person as would qualify for
8 the credit provided by this subsection (f) or
9 subsection (e).

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

13 (4) If the basis of the property for federal income
14 tax depreciation purposes is increased after it has been
15 placed in service in the Enterprise Zone or River Edge
16 Redevelopment Zone by the taxpayer, the amount of such
17 increase shall be deemed property placed in service on the
18 date of such increase in basis.

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

21 (6) If during any taxable year, any property ceases to
22 be qualified property in the hands of the taxpayer within
23 48 months after being placed in service, or the situs of
24 any qualified property is moved outside the Enterprise
25 Zone or River Edge Redevelopment Zone within 48 months
26 after being placed in service, the tax imposed under

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

13 (7) There shall be allowed an additional credit equal
14 to 0.5% of the basis of qualified property placed in
15 service during the taxable year in a River Edge
16 Redevelopment Zone, provided such property is placed in
17 service on or after July 1, 2006, and the taxpayer's base
18 employment within Illinois has increased by 1% or more
19 over the preceding year as determined by the taxpayer's
20 employment records filed with the Illinois Department of
21 Employment Security. Taxpayers who are new to Illinois
22 shall be deemed to have met the 1% growth in base
23 employment for the first year in which they file
24 employment records with the Illinois Department of
25 Employment Security. If, in any year, the increase in base
26 employment within Illinois over the preceding year is less

1 than 1%, the additional credit shall be limited to that
2 percentage times a fraction, the numerator of which is
3 0.5% and the denominator of which is 1%, but shall not
4 exceed 0.5%.

5 (8) For taxable years beginning on or after January 1,
6 2021, there shall be allowed an Enterprise Zone
7 construction jobs credit against the taxes imposed under
8 subsections (a) and (b) of this Section as provided in
9 Section 13 of the Illinois Enterprise Zone Act.

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

21 For partners, shareholders of Subchapter S
22 corporations, and owners of limited liability companies,
23 if the liability company is treated as a partnership for
24 the purposes of federal and State income taxation, there
25 shall be allowed a credit under this Section to be
26 determined in accordance with the determination of income

1 and distributive share of income under Sections 702 and
2 704 and Subchapter S of the Internal Revenue Code.

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

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

9 (g) (Blank).

10 (h) Investment credit; High Impact Business.

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

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

25 Changes made in this subdivision (h) (1) by Public Act
26 88-670 restore changes made by Public Act 85-1182 and

1 reflect existing law.

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

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

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

10 (C) is acquired by purchase as defined in Section
11 179(d) of the Internal Revenue Code; and

12 (D) is not eligible for the Enterprise Zone
13 Investment Credit provided by subsection (f) of this
14 Section.

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

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

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

26 (6) If during any taxable year ending on or before

1 December 31, 1996, any property ceases to be qualified
2 property in the hands of the taxpayer within 48 months
3 after being placed in service, or the situs of any
4 qualified property is moved outside Illinois within 48
5 months after being placed in service, the tax imposed
6 under subsections (a) and (b) of this Section for such
7 taxable year shall be increased. Such increase shall be
8 determined by (i) recomputing the investment credit which
9 would have been allowed for the year in which credit for
10 such 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 (6), 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 (7) Beginning with tax years ending after December 31,
19 1996, if a taxpayer qualifies for the credit under this
20 subsection (h) and thereby is granted a tax abatement and
21 the taxpayer relocates its entire facility in violation of
22 the explicit terms and length of the contract under
23 Section 18-183 of the Property Tax Code, the tax imposed
24 under subsections (a) and (b) of this Section shall be
25 increased for the taxable year in which the taxpayer
26 relocated its facility by an amount equal to the amount of

1 credit received by the taxpayer under this subsection (h).

2 (h-5) High Impact Business construction ~~constructions~~ jobs
3 credit. For taxable years beginning on or after January 1,
4 2021, there shall also be allowed a High Impact Business
5 construction jobs credit against the tax imposed under
6 subsections (a) and (b) of this Section as provided in
7 subsections (i) and (j) of Section 5.5 of the Illinois
8 Enterprise Zone Act.

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

19 For partners, shareholders of Subchapter S corporations,
20 and owners of limited liability companies, if the liability
21 company is treated as a partnership for the purposes of
22 federal and State income taxation, there shall be allowed a
23 credit under this Section to be determined in accordance with
24 the determination of income and distributive share of income
25 under Sections 702 and 704 and Subchapter S of the Internal
26 Revenue Code.

1 The total aggregate amount of credits awarded under the
2 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~
3 ~~amendatory Act of the 101st General Assembly~~) shall not exceed
4 \$20,000,000 in any State fiscal year.

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

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

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

1 there is a liability. If there is a credit under this
2 subsection from more than one tax year that is available to
3 offset a liability the earliest credit arising under this
4 subsection shall be applied first.

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

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

1 subchapter S corporations, and owners of limited liability
2 companies, if the liability company is treated as a
3 partnership for purposes of federal and State income taxation,
4 there shall be allowed a credit under this subsection (j) to be
5 determined in accordance with the determination of income and
6 distributive share of income under Sections 702 and 704 and
7 subchapter S of the Internal Revenue Code.

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

18 (k) Research and development credit. For tax years ending
19 after July 1, 1990 and prior to December 31, 2003, and
20 beginning again for tax years ending on or after December 31,
21 2004, and ending prior to January 1, 2027, a taxpayer shall be
22 allowed a credit against the tax imposed by subsections (a)
23 and (b) of this Section for increasing research activities in
24 this State. The credit allowed against the tax imposed by
25 subsections (a) and (b) shall be equal to 6 1/2% of the
26 qualifying expenditures for increasing research activities in

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

9 For purposes of this subsection, "qualifying expenditures"
10 means the qualifying expenditures as defined for the federal
11 credit for increasing research activities which would be
12 allowable under Section 41 of the Internal Revenue Code and
13 which are conducted in this State, "qualifying expenditures
14 for increasing research activities in this State" means the
15 excess of qualifying expenditures for the taxable year in
16 which incurred over qualifying expenditures for the base
17 period, "qualifying expenditures for the base period" means
18 the average of the qualifying expenditures for each year in
19 the base period, and "base period" means the 3 taxable years
20 immediately preceding the taxable year for which the
21 determination is being made.

22 Any credit in excess of the tax liability for the taxable
23 year may be carried forward. A taxpayer may elect to have the
24 unused credit shown on its final completed return carried over
25 as a credit against the tax liability for the following 5
26 taxable years or until it has been fully used, whichever

1 occurs first; provided that no credit earned in a tax year
2 ending prior to December 31, 2003 may be carried forward to any
3 year ending on or after December 31, 2003.

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

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

19 It is the intent of the General Assembly that the research
20 and development credit under this subsection (k) shall apply
21 continuously for all tax years ending on or after December 31,
22 2004 and ending prior to January 1, 2027, including, but not
23 limited to, the period beginning on January 1, 2016 and ending
24 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~
25 ~~amendatory Act of the 100th General Assembly~~. All actions
26 taken in reliance on the continuation of the credit under this

1 subsection (k) by any taxpayer are hereby validated.

2 (l) Environmental Remediation Tax Credit.

3 (i) For tax years ending after December 31, 1997 and
4 on or before December 31, 2001, a taxpayer shall be
5 allowed a credit against the tax imposed by subsections
6 (a) and (b) of this Section for certain amounts paid for
7 unreimbursed eligible remediation costs, as specified in
8 this subsection. For purposes of this Section,
9 "unreimbursed eligible remediation costs" means costs
10 approved by the Illinois Environmental Protection Agency
11 ("Agency") under Section 58.14 of the Environmental
12 Protection Act that were paid in performing environmental
13 remediation at a site for which a No Further Remediation
14 Letter was issued by the Agency and recorded under Section
15 58.10 of the Environmental Protection Act. The credit must
16 be claimed for the taxable year in which Agency approval
17 of the eligible remediation costs is granted. The credit
18 is not available to any taxpayer if the taxpayer or any
19 related party caused or contributed to, in any material
20 respect, a release of regulated substances on, in, or
21 under the site that was identified and addressed by the
22 remedial action pursuant to the Site Remediation Program
23 of the Environmental Protection Act. After the Pollution
24 Control Board rules are adopted pursuant to the Illinois
25 Administrative Procedure Act for the administration and
26 enforcement of Section 58.9 of the Environmental

1 Protection Act, determinations as to credit availability
2 for purposes of this Section shall be made consistent with
3 those rules. For purposes of this Section, "taxpayer"
4 includes a person whose tax attributes the taxpayer has
5 succeeded to under Section 381 of the Internal Revenue
6 Code and "related party" includes the persons disallowed a
7 deduction for losses by paragraphs (b), (c), and (f)(1) of
8 Section 267 of the Internal Revenue Code by virtue of
9 being a related taxpayer, as well as any of its partners.
10 The credit allowed against the tax imposed by subsections
11 (a) and (b) shall be equal to 25% of the unreimbursed
12 eligible remediation costs in excess of \$100,000 per site,
13 except that the \$100,000 threshold shall not apply to any
14 site contained in an enterprise zone as determined by the
15 Department of Commerce and Community Affairs (now
16 Department of Commerce and Economic Opportunity). The
17 total credit allowed shall not exceed \$40,000 per year
18 with a maximum total of \$150,000 per site. For partners
19 and shareholders of subchapter S corporations, there shall
20 be allowed a credit under this subsection to be determined
21 in accordance with the determination of income and
22 distributive share of income under Sections 702 and 704
23 and subchapter S of the Internal Revenue Code.

24 (ii) A credit allowed under this subsection that is
25 unused in the year the credit is earned may be carried
26 forward to each of the 5 taxable years following the year

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

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

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

21 For purposes of this subsection:

22 "Qualifying pupils" means individuals who (i) are
23 residents of the State of Illinois, (ii) are under the age of
24 21 at the close of the school year for which a credit is
25 sought, and (iii) during the school year for which a credit is
26 sought were full-time pupils enrolled in a kindergarten

1 through twelfth grade education program at any school, as
2 defined in this subsection.

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

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

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

17 (n) River Edge Redevelopment Zone site remediation tax
18 credit.

19 (i) For tax years ending on or after December 31,
20 2006, a taxpayer shall be allowed a credit against the tax
21 imposed by subsections (a) and (b) of this Section for
22 certain amounts paid for unreimbursed eligible remediation
23 costs, as specified in this subsection. For purposes of
24 this Section, "unreimbursed eligible remediation costs"
25 means costs approved by the Illinois Environmental
26 Protection Agency ("Agency") under Section 58.14a of the

1 Environmental Protection Act that were paid in performing
2 environmental remediation at a site within a River Edge
3 Redevelopment Zone for which a No Further Remediation
4 Letter was issued by the Agency and recorded under Section
5 58.10 of the Environmental Protection Act. The credit must
6 be claimed for the taxable year in which Agency approval
7 of the eligible remediation costs is granted. The credit
8 is not available to any taxpayer if the taxpayer or any
9 related party caused or contributed to, in any material
10 respect, a release of regulated substances on, in, or
11 under the site that was identified and addressed by the
12 remedial action pursuant to the Site Remediation Program
13 of the Environmental Protection Act. Determinations as to
14 credit availability for purposes of this Section shall be
15 made consistent with rules adopted by the Pollution
16 Control Board pursuant to the Illinois Administrative
17 Procedure Act for the administration and enforcement of
18 Section 58.9 of the Environmental Protection Act. For
19 purposes of this Section, "taxpayer" includes a person
20 whose tax attributes the taxpayer has succeeded to under
21 Section 381 of the Internal Revenue Code and "related
22 party" includes the persons disallowed a deduction for
23 losses by paragraphs (b), (c), and (f)(1) of Section 267
24 of the Internal Revenue Code by virtue of being a related
25 taxpayer, as well as any of its partners. The credit
26 allowed against the tax imposed by subsections (a) and (b)

1 shall be equal to 25% of the unreimbursed eligible
2 remediation costs in excess of \$100,000 per site.

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

25 (iii) For purposes of this Section, the term "site"
26 shall have the same meaning as under Section 58.2 of the

1 Environmental Protection Act.

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

12 (1) the medical cannabis cultivation center
13 registration, medical cannabis dispensary registration, or
14 the property of a registration is transferred as a result
15 of any of the following:

16 (A) bankruptcy, a receivership, or a debt
17 adjustment initiated by or against the initial
18 registration or the substantial owners of the initial
19 registration;

20 (B) cancellation, revocation, or termination of
21 any registration by the Illinois Department of Public
22 Health;

23 (C) a determination by the Illinois Department of
24 Public Health that transfer of the registration is in
25 the best interests of Illinois qualifying patients as
26 defined by the Compassionate Use of Medical Cannabis

1 Program Act;

2 (D) the death of an owner of the equity interest in
3 a registrant;

4 (E) the acquisition of a controlling interest in
5 the stock or substantially all of the assets of a
6 publicly traded company;

7 (F) a transfer by a parent company to a wholly
8 owned subsidiary; or

9 (G) the transfer or sale to or by one person to
10 another person where both persons were initial owners
11 of the registration when the registration was issued;
12 or

13 (2) the cannabis cultivation center registration,
14 medical cannabis dispensary registration, or the
15 controlling interest in a registrant's property is
16 transferred in a transaction to lineal descendants in
17 which no gain or loss is recognized or as a result of a
18 transaction in accordance with Section 351 of the Internal
19 Revenue Code in which no gain or loss is recognized.

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

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