



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB1582

Introduced 2/26/2021, by Sen. Robert F. Martwick

SYNOPSIS AS INTRODUCED:

35 ILCS 5/211	
35 ILCS 5/303	from Ch. 120, par. 3-303
35 ILCS 5/304	from Ch. 120, par. 3-304
35 ILCS 5/710	from Ch. 120, par. 7-710
35 ILCS 5/902	from Ch. 120, par. 9-902

Amends the Illinois Income Tax Act. Provides that, when a taxpayer sells or transfers the major part of (i) the stock of goods which he is engaged in the business of selling, (ii) furniture or fixtures, (iii) machinery and equipment, or (iv) real property, then the taxpayer shall notify the Department of Revenue (currently, the Chicago office of the Department of Revenue) no more than 10 business days before (currently, after) the sale or transfer. Provides that payments of winnings from sports wagering conducted in accordance with the Sports Wagering Act are allocable to this State. In provisions concerning the Economic Development for a Growing Economy (EDGE) Tax Credit, provides that, if, during any taxable year, a taxpayer ceases operations at a project location that is the subject of an EDGE agreement with the intent to terminate operations in the State, then the taxpayer's State income tax liability shall be increased by the amount of any credit allowed prior to the date the taxpayer ceases operations.

LRB102 16047 HLH 21419 b

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 211, 303, 304, 710, and 902 as follows:

6 (35 ILCS 5/211)

7 Sec. 211. Economic Development for a Growing Economy Tax
8 Credit. For tax years beginning on or after January 1, 1999, a
9 Taxpayer who has entered into an Agreement (including a New
10 Construction EDGE Agreement) under the Economic Development
11 for a Growing Economy Tax Credit Act is entitled to a credit
12 against the taxes imposed under subsections (a) and (b) of
13 Section 201 of this Act in an amount to be determined in the
14 Agreement. If the Taxpayer is a partnership or Subchapter S
15 corporation, the credit shall be allowed to the partners or
16 shareholders in accordance with the determination of income
17 and distributive share of income under Sections 702 and 704
18 and subchapter S of the Internal Revenue Code. The Department,
19 in cooperation with the Department of Commerce and Economic
20 Opportunity, shall prescribe rules to enforce and administer
21 the provisions of this Section. This Section is exempt from
22 the provisions of Section 250 of this Act.

23 The credit shall be subject to the conditions set forth in

1 the Agreement and the following limitations:

2 (1) The tax credit shall not exceed the Incremental
3 Income Tax (as defined in Section 5-5 of the Economic
4 Development for a Growing Economy Tax Credit Act) with
5 respect to the project; additionally, the New Construction
6 EDGE Credit shall not exceed the New Construction EDGE
7 Incremental Income Tax (as defined in Section 5-5 of the
8 Economic Development for a Growing Economy Tax Credit
9 Act).

10 (2) The amount of the credit allowed during the tax
11 year plus the sum of all amounts allowed in prior years
12 shall not exceed 100% of the aggregate amount expended by
13 the Taxpayer during all prior tax years on approved costs
14 defined by Agreement.

15 (3) The amount of the credit shall be determined on an
16 annual basis. Except as applied in a carryover year
17 pursuant to Section 211(4) of this Act, the credit may not
18 be applied against any State income tax liability in more
19 than 10 taxable years; provided, however, that (i) an
20 eligible business certified by the Department of Commerce
21 and Economic Opportunity under the Corporate Headquarters
22 Relocation Act may not apply the credit against any of its
23 State income tax liability in more than 15 taxable years
24 and (ii) credits allowed to that eligible business are
25 subject to the conditions and requirements set forth in
26 Sections 5-35 and 5-45 of the Economic Development for a

1 Growing Economy Tax Credit Act and Section 5-51 as
2 applicable to New Construction EDGE Credits.

3 (4) The credit may not exceed the amount of taxes
4 imposed pursuant to subsections (a) and (b) of Section 201
5 of this Act. Any credit that is unused in the year the
6 credit is computed may be carried forward and applied to
7 the tax liability of the 5 taxable years following the
8 excess credit year. The credit shall be applied to the
9 earliest year for which there is a tax liability. If there
10 are credits from more than one tax year that are available
11 to offset a liability, the earlier credit shall be applied
12 first.

13 (5) No credit shall be allowed with respect to any
14 Agreement for any taxable year ending after the
15 Noncompliance Date. Upon receiving notification by the
16 Department of Commerce and Economic Opportunity of the
17 noncompliance of a Taxpayer with an Agreement, the
18 Department shall notify the Taxpayer that no credit is
19 allowed with respect to that Agreement for any taxable
20 year ending after the Noncompliance Date, as stated in
21 such notification. If any credit has been allowed with
22 respect to an Agreement for a taxable year ending after
23 the Noncompliance Date for that Agreement, any refund paid
24 to the Taxpayer for that taxable year shall, to the extent
25 of that credit allowed, be an erroneous refund within the
26 meaning of Section 912 of this Act.

1 If during any taxable year, a taxpayer ceases
2 operations at a project location that is the subject of
3 that Agreement with the intent to terminate operations in
4 the State, the tax imposed under subsections (a) and (b)
5 of Section 201 of this Act for such taxable year shall be
6 increased by the amount of any credit allowed prior to the
7 date the taxpayer ceases operations.

8 (6) For purposes of this Section, the terms
9 "Agreement", "Incremental Income Tax", "New Construction
10 EDGE Agreement", "New Construction EDGE Credit", "New
11 Construction EDGE Incremental Income Tax", and
12 "Noncompliance Date" have the same meaning as when used in
13 the Economic Development for a Growing Economy Tax Credit
14 Act.

15 (Source: P.A. 101-9, eff. 6-5-19.)

16 (35 ILCS 5/303) (from Ch. 120, par. 3-303)

17 Sec. 303. (a) In general. Any item of capital gain or loss,
18 and any item of income from rents or royalties from real or
19 tangible personal property, interest, dividends, and patent or
20 copyright royalties, and prizes awarded under the Illinois
21 Lottery Law, and, for taxable years ending on or after
22 December 31, 2019, wagering and gambling winnings from
23 Illinois sources as set forth in subsection (e-1) of this
24 Section, and, for taxable years ending on or after December
25 31, 2021, sports wagering and winnings from Illinois sources

1 as set forth in subsection (e-2) of this Section to the extent
2 such item constitutes nonbusiness income, together with any
3 item of deduction directly allocable thereto, shall be
4 allocated by any person other than a resident as provided in
5 this Section.

6 (b) Capital gains and losses.

7 (1) Real property. Capital gains and losses from sales
8 or exchanges of real property are allocable to this State
9 if the property is located in this State.

10 (2) Tangible personal property. Capital gains and
11 losses from sales or exchanges of tangible personal
12 property are allocable to this State if, at the time of
13 such sale or exchange:

14 (A) The property had its situs in this State; or

15 (B) The taxpayer had its commercial domicile in
16 this State and was not taxable in the state in which
17 the property had its situs.

18 (3) Intangibles. Capital gains and losses from sales
19 or exchanges of intangible personal property are allocable
20 to this State if the taxpayer had its commercial domicile
21 in this State at the time of such sale or exchange.

22 (c) Rents and royalties.

23 (1) Real property. Rents and royalties from real
24 property are allocable to this State if the property is
25 located in this State.

26 (2) Tangible personal property. Rents and royalties

1 from tangible personal property are allocable to this
2 State:

3 (A) If and to the extent that the property is
4 utilized in this State; or

5 (B) In their entirety if, at the time such rents or
6 royalties were paid or accrued, the taxpayer had its
7 commercial domicile in this State and was not
8 organized under the laws of or taxable with respect to
9 such rents or royalties in the state in which the
10 property was utilized. The extent of utilization of
11 tangible personal property in a state is determined by
12 multiplying the rents or royalties derived from such
13 property by a fraction, the numerator of which is the
14 number of days of physical location of the property in
15 the state during the rental or royalty period in the
16 taxable year and the denominator of which is the
17 number of days of physical location of the property
18 everywhere during all rental or royalty periods in the
19 taxable year. If the physical location of the property
20 during the rental or royalty period is unknown or
21 unascertainable by the taxpayer, tangible personal
22 property is utilized in the state in which the
23 property was located at the time the rental or royalty
24 payer obtained possession.

25 (d) Patent and copyright royalties.

26 (1) Allocation. Patent and copyright royalties are

1 allocable to this State:

2 (A) If and to the extent that the patent or
3 copyright is utilized by the payer in this State; or

4 (B) If and to the extent that the patent or
5 copyright is utilized by the payer in a state in which
6 the taxpayer is not taxable with respect to such
7 royalties and, at the time such royalties were paid or
8 accrued, the taxpayer had its commercial domicile in
9 this State.

10 (2) Utilization.

11 (A) A patent is utilized in a state to the extent
12 that it is employed in production, fabrication,
13 manufacturing or other processing in the state or to
14 the extent that a patented product is produced in the
15 state. If the basis of receipts from patent royalties
16 does not permit allocation to states or if the
17 accounting procedures do not reflect states of
18 utilization, the patent is utilized in this State if
19 the taxpayer has its commercial domicile in this
20 State.

21 (B) A copyright is utilized in a state to the
22 extent that printing or other publication originates
23 in the state. If the basis of receipts from copyright
24 royalties does not permit allocation to states or if
25 the accounting procedures do not reflect states of
26 utilization, the copyright is utilized in this State

1 if the taxpayer has its commercial domicile in this
2 State.

3 (e) Illinois lottery prizes. Prizes awarded under the
4 Illinois Lottery Law are allocable to this State. Payments
5 received in taxable years ending on or after December 31,
6 2013, from the assignment of a prize under Section 13.1 of the
7 Illinois Lottery Law are allocable to this State.

8 (e-1) Wagering and gambling winnings. Payments received in
9 taxable years ending on or after December 31, 2019 of winnings
10 from pari-mutuel wagering conducted at a wagering facility
11 licensed under the Illinois Horse Racing Act of 1975 and from
12 gambling games conducted on a riverboat or in a casino or
13 organization gaming facility licensed under the Illinois
14 Gambling Act are allocable to this State.

15 (e-2) Sports wagering and winnings. Payments received in
16 taxable years ending on or after December 31, 2021 of winnings
17 from sports wagering conducted in accordance with the Sports
18 Wagering Act are allocable to this State.

19 (e-5) Unemployment benefits. Unemployment benefits paid by
20 the Illinois Department of Employment Security are allocable
21 to this State.

22 (f) Taxability in other state. For purposes of allocation
23 of income pursuant to this Section, a taxpayer is taxable in
24 another state if:

25 (1) In that state he is subject to a net income tax, a
26 franchise tax measured by net income, a franchise tax for

1 the privilege of doing business, or a corporate stock tax;
2 or

3 (2) That state has jurisdiction to subject the
4 taxpayer to a net income tax regardless of whether, in
5 fact, the state does or does not.

6 (g) Cross references.

7 (1) For allocation of interest and dividends by
8 persons other than residents, see Section 301(c)(2).

9 (2) For allocation of nonbusiness income by residents,
10 see Section 301(a).

11 (Source: P.A. 101-31, eff. 6-28-19.)

12 (35 ILCS 5/304) (from Ch. 120, par. 3-304)

13 Sec. 304. Business income of persons other than residents.

14 (a) In general. The business income of a person other than
15 a resident shall be allocated to this State if such person's
16 business income is derived solely from this State. If a person
17 other than a resident derives business income from this State
18 and one or more other states, then, for tax years ending on or
19 before December 30, 1998, and except as otherwise provided by
20 this Section, such person's business income shall be
21 apportioned to this State by multiplying the income by a
22 fraction, the numerator of which is the sum of the property
23 factor (if any), the payroll factor (if any) and 200% of the
24 sales factor (if any), and the denominator of which is 4
25 reduced by the number of factors other than the sales factor

1 which have a denominator of zero and by an additional 2 if the
2 sales factor has a denominator of zero. For tax years ending on
3 or after December 31, 1998, and except as otherwise provided
4 by this Section, persons other than residents who derive
5 business income from this State and one or more other states
6 shall compute their apportionment factor by weighting their
7 property, payroll, and sales factors as provided in subsection
8 (h) of this Section.

9 (1) Property factor.

10 (A) The property factor is a fraction, the numerator
11 of which is the average value of the person's real and
12 tangible personal property owned or rented and used in the
13 trade or business in this State during the taxable year
14 and the denominator of which is the average value of all
15 the person's real and tangible personal property owned or
16 rented and used in the trade or business during the
17 taxable year.

18 (B) Property owned by the person is valued at its
19 original cost. Property rented by the person is valued at
20 8 times the net annual rental rate. Net annual rental rate
21 is the annual rental rate paid by the person less any
22 annual rental rate received by the person from
23 sub-rentals.

24 (C) The average value of property shall be determined
25 by averaging the values at the beginning and ending of the
26 taxable year but the Director may require the averaging of

1 monthly values during the taxable year if reasonably
2 required to reflect properly the average value of the
3 person's property.

4 (2) Payroll factor.

5 (A) The payroll factor is a fraction, the numerator of
6 which is the total amount paid in this State during the
7 taxable year by the person for compensation, and the
8 denominator of which is the total compensation paid
9 everywhere during the taxable year.

10 (B) Compensation is paid in this State if:

11 (i) The individual's service is performed entirely
12 within this State;

13 (ii) The individual's service is performed both
14 within and without this State, but the service
15 performed without this State is incidental to the
16 individual's service performed within this State; or

17 (iii) For tax years ending prior to December 31,
18 2020, some of the service is performed within this
19 State and either the base of operations, or if there is
20 no base of operations, the place from which the
21 service is directed or controlled is within this
22 State, or the base of operations or the place from
23 which the service is directed or controlled is not in
24 any state in which some part of the service is
25 performed, but the individual's residence is in this
26 State. For tax years ending on or after December 31,

1 2020, compensation is paid in this State if some of the
2 individual's service is performed within this State,
3 the individual's service performed within this State
4 is nonincidental to the individual's service performed
5 without this State, and the individual's service is
6 performed within this State for more than 30 working
7 days during the tax year. The amount of compensation
8 paid in this State shall include the portion of the
9 individual's total compensation for services performed
10 on behalf of his or her employer during the tax year
11 which the number of working days spent within this
12 State during the tax year bears to the total number of
13 working days spent both within and without this State
14 during the tax year. For purposes of this paragraph:

15 (a) The term "working day" means all days
16 during the tax year in which the individual
17 performs duties on behalf of his or her employer.
18 All days in which the individual performs no
19 duties on behalf of his or her employer (e.g.,
20 weekends, vacation days, sick days, and holidays)
21 are not working days.

22 (b) A working day is spent within this State
23 if:

24 (1) the individual performs service on
25 behalf of the employer and a greater amount of
26 time on that day is spent by the individual

1 performing duties on behalf of the employer
2 within this State, without regard to time
3 spent traveling, than is spent performing
4 duties on behalf of the employer without this
5 State; or

6 (2) the only service the individual
7 performs on behalf of the employer on that day
8 is traveling to a destination within this
9 State, and the individual arrives on that day.

10 (c) Working days spent within this State do
11 not include any day in which the employee is
12 performing services in this State during a
13 disaster period solely in response to a request
14 made to his or her employer by the government of
15 this State, by any political subdivision of this
16 State, or by a person conducting business in this
17 State to perform disaster or emergency-related
18 services in this State. For purposes of this item
19 (c):

20 "Declared State disaster or emergency"
21 means a disaster or emergency event (i) for
22 which a Governor's proclamation of a state of
23 emergency has been issued or (ii) for which a
24 Presidential declaration of a federal major
25 disaster or emergency has been issued.

26 "Disaster period" means a period that

1 begins 10 days prior to the date of the
2 Governor's proclamation or the President's
3 declaration (whichever is earlier) and extends
4 for a period of 60 calendar days after the end
5 of the declared disaster or emergency period.

6 "Disaster or emergency-related services"
7 means repairing, renovating, installing,
8 building, or rendering services or conducting
9 other business activities that relate to
10 infrastructure that has been damaged,
11 impaired, or destroyed by the declared State
12 disaster or emergency.

13 "Infrastructure" means property and
14 equipment owned or used by a public utility,
15 communications network, broadband and internet
16 service provider, cable and video service
17 provider, electric or gas distribution system,
18 or water pipeline that provides service to
19 more than one customer or person, including
20 related support facilities. "Infrastructure"
21 includes, but is not limited to, real and
22 personal property such as buildings, offices,
23 power lines, cable lines, poles,
24 communications lines, pipes, structures, and
25 equipment.

26 (iv) Compensation paid to nonresident professional

1 athletes.

2 (a) General. The Illinois source income of a
3 nonresident individual who is a member of a
4 professional athletic team includes the portion of the
5 individual's total compensation for services performed
6 as a member of a professional athletic team during the
7 taxable year which the number of duty days spent
8 within this State performing services for the team in
9 any manner during the taxable year bears to the total
10 number of duty days spent both within and without this
11 State during the taxable year.

12 (b) Travel days. Travel days that do not involve
13 either a game, practice, team meeting, or other
14 similar team event are not considered duty days spent
15 in this State. However, such travel days are
16 considered in the total duty days spent both within
17 and without this State.

18 (c) Definitions. For purposes of this subpart
19 (iv):

20 (1) The term "professional athletic team"
21 includes, but is not limited to, any professional
22 baseball, basketball, football, soccer, or hockey
23 team.

24 (2) The term "member of a professional
25 athletic team" includes those employees who are
26 active players, players on the disabled list, and

1 any other persons required to travel and who
2 travel with and perform services on behalf of a
3 professional athletic team on a regular basis.
4 This includes, but is not limited to, coaches,
5 managers, and trainers.

6 (3) Except as provided in items (C) and (D) of
7 this subpart (3), the term "duty days" means all
8 days during the taxable year from the beginning of
9 the professional athletic team's official
10 pre-season training period through the last game
11 in which the team competes or is scheduled to
12 compete. Duty days shall be counted for the year
13 in which they occur, including where a team's
14 official pre-season training period through the
15 last game in which the team competes or is
16 scheduled to compete, occurs during more than one
17 tax year.

18 (A) Duty days shall also include days on
19 which a member of a professional athletic team
20 performs service for a team on a date that
21 does not fall within the foregoing period
22 (e.g., participation in instructional leagues,
23 the "All Star Game", or promotional
24 "caravans"). Performing a service for a
25 professional athletic team includes conducting
26 training and rehabilitation activities, when

1 such activities are conducted at team
2 facilities.

3 (B) Also included in duty days are game
4 days, practice days, days spent at team
5 meetings, promotional caravans, preseason
6 training camps, and days served with the team
7 through all post-season games in which the
8 team competes or is scheduled to compete.

9 (C) Duty days for any person who joins a
10 team during the period from the beginning of
11 the professional athletic team's official
12 pre-season training period through the last
13 game in which the team competes, or is
14 scheduled to compete, shall begin on the day
15 that person joins the team. Conversely, duty
16 days for any person who leaves a team during
17 this period shall end on the day that person
18 leaves the team. Where a person switches teams
19 during a taxable year, a separate duty-day
20 calculation shall be made for the period the
21 person was with each team.

22 (D) Days for which a member of a
23 professional athletic team is not compensated
24 and is not performing services for the team in
25 any manner, including days when such member of
26 a professional athletic team has been

1 suspended without pay and prohibited from
2 performing any services for the team, shall
3 not be treated as duty days.

4 (E) Days for which a member of a
5 professional athletic team is on the disabled
6 list and does not conduct rehabilitation
7 activities at facilities of the team, and is
8 not otherwise performing services for the team
9 in Illinois, shall not be considered duty days
10 spent in this State. All days on the disabled
11 list, however, are considered to be included
12 in total duty days spent both within and
13 without this State.

14 (4) The term "total compensation for services
15 performed as a member of a professional athletic
16 team" means the total compensation received during
17 the taxable year for services performed:

18 (A) from the beginning of the official
19 pre-season training period through the last
20 game in which the team competes or is
21 scheduled to compete during that taxable year;
22 and

23 (B) during the taxable year on a date
24 which does not fall within the foregoing
25 period (e.g., participation in instructional
26 leagues, the "All Star Game", or promotional

1 caravans).

2 This compensation shall include, but is not
3 limited to, salaries, wages, bonuses as described
4 in this subpart, and any other type of
5 compensation paid during the taxable year to a
6 member of a professional athletic team for
7 services performed in that year. This compensation
8 does not include strike benefits, severance pay,
9 termination pay, contract or option year buy-out
10 payments, expansion or relocation payments, or any
11 other payments not related to services performed
12 for the team.

13 For purposes of this subparagraph, "bonuses"
14 included in "total compensation for services
15 performed as a member of a professional athletic
16 team" subject to the allocation described in
17 Section 302(c)(1) are: bonuses earned as a result
18 of play (i.e., performance bonuses) during the
19 season, including bonuses paid for championship,
20 playoff or "bowl" games played by a team, or for
21 selection to all-star league or other honorary
22 positions; and bonuses paid for signing a
23 contract, unless the payment of the signing bonus
24 is not conditional upon the signee playing any
25 games for the team or performing any subsequent
26 services for the team or even making the team, the

1 signing bonus is payable separately from the
2 salary and any other compensation, and the signing
3 bonus is nonrefundable.

4 (3) Sales factor.

5 (A) The sales factor is a fraction, the numerator of
6 which is the total sales of the person in this State during
7 the taxable year, and the denominator of which is the
8 total sales of the person everywhere during the taxable
9 year.

10 (B) Sales of tangible personal property are in this
11 State if:

12 (i) The property is delivered or shipped to a
13 purchaser, other than the United States government,
14 within this State regardless of the f. o. b. point or
15 other conditions of the sale; or

16 (ii) The property is shipped from an office,
17 store, warehouse, factory or other place of storage in
18 this State and either the purchaser is the United
19 States government or the person is not taxable in the
20 state of the purchaser; provided, however, that
21 premises owned or leased by a person who has
22 independently contracted with the seller for the
23 printing of newspapers, periodicals or books shall not
24 be deemed to be an office, store, warehouse, factory
25 or other place of storage for purposes of this
26 Section. Sales of tangible personal property are not

1 in this State if the seller and purchaser would be
2 members of the same unitary business group but for the
3 fact that either the seller or purchaser is a person
4 with 80% or more of total business activity outside of
5 the United States and the property is purchased for
6 resale.

7 (B-1) Patents, copyrights, trademarks, and similar
8 items of intangible personal property.

9 (i) Gross receipts from the licensing, sale, or
10 other disposition of a patent, copyright, trademark,
11 or similar item of intangible personal property, other
12 than gross receipts governed by paragraph (B-7) of
13 this item (3), are in this State to the extent the item
14 is utilized in this State during the year the gross
15 receipts are included in gross income.

16 (ii) Place of utilization.

17 (I) A patent is utilized in a state to the
18 extent that it is employed in production,
19 fabrication, manufacturing, or other processing in
20 the state or to the extent that a patented product
21 is produced in the state. If a patent is utilized
22 in more than one state, the extent to which it is
23 utilized in any one state shall be a fraction
24 equal to the gross receipts of the licensee or
25 purchaser from sales or leases of items produced,
26 fabricated, manufactured, or processed within that

1 state using the patent and of patented items
2 produced within that state, divided by the total
3 of such gross receipts for all states in which the
4 patent is utilized.

5 (II) A copyright is utilized in a state to the
6 extent that printing or other publication
7 originates in the state. If a copyright is
8 utilized in more than one state, the extent to
9 which it is utilized in any one state shall be a
10 fraction equal to the gross receipts from sales or
11 licenses of materials printed or published in that
12 state divided by the total of such gross receipts
13 for all states in which the copyright is utilized.

14 (III) Trademarks and other items of intangible
15 personal property governed by this paragraph (B-1)
16 are utilized in the state in which the commercial
17 domicile of the licensee or purchaser is located.

18 (iii) If the state of utilization of an item of
19 property governed by this paragraph (B-1) cannot be
20 determined from the taxpayer's books and records or
21 from the books and records of any person related to the
22 taxpayer within the meaning of Section 267(b) of the
23 Internal Revenue Code, 26 U.S.C. 267, the gross
24 receipts attributable to that item shall be excluded
25 from both the numerator and the denominator of the
26 sales factor.

1 (B-2) Gross receipts from the license, sale, or other
2 disposition of patents, copyrights, trademarks, and
3 similar items of intangible personal property, other than
4 gross receipts governed by paragraph (B-7) of this item
5 (3), may be included in the numerator or denominator of
6 the sales factor only if gross receipts from licenses,
7 sales, or other disposition of such items comprise more
8 than 50% of the taxpayer's total gross receipts included
9 in gross income during the tax year and during each of the
10 2 immediately preceding tax years; provided that, when a
11 taxpayer is a member of a unitary business group, such
12 determination shall be made on the basis of the gross
13 receipts of the entire unitary business group.

14 (B-5) For taxable years ending on or after December
15 31, 2008, except as provided in subsections (ii) through
16 (vii), receipts from the sale of telecommunications
17 service or mobile telecommunications service are in this
18 State if the customer's service address is in this State.

19 (i) For purposes of this subparagraph (B-5), the
20 following terms have the following meanings:

21 "Ancillary services" means services that are
22 associated with or incidental to the provision of
23 "telecommunications services", including, but not
24 limited to, "detailed telecommunications billing",
25 "directory assistance", "vertical service", and "voice
26 mail services".

1 "Air-to-Ground Radiotelephone service" means a
2 radio service, as that term is defined in 47 CFR 22.99,
3 in which common carriers are authorized to offer and
4 provide radio telecommunications service for hire to
5 subscribers in aircraft.

6 "Call-by-call Basis" means any method of charging
7 for telecommunications services where the price is
8 measured by individual calls.

9 "Communications Channel" means a physical or
10 virtual path of communications over which signals are
11 transmitted between or among customer channel
12 termination points.

13 "Conference bridging service" means an "ancillary
14 service" that links two or more participants of an
15 audio or video conference call and may include the
16 provision of a telephone number. "Conference bridging
17 service" does not include the "telecommunications
18 services" used to reach the conference bridge.

19 "Customer Channel Termination Point" means the
20 location where the customer either inputs or receives
21 the communications.

22 "Detailed telecommunications billing service"
23 means an "ancillary service" of separately stating
24 information pertaining to individual calls on a
25 customer's billing statement.

26 "Directory assistance" means an "ancillary

1 service" of providing telephone number information,
2 and/or address information.

3 "Home service provider" means the facilities based
4 carrier or reseller with which the customer contracts
5 for the provision of mobile telecommunications
6 services.

7 "Mobile telecommunications service" means
8 commercial mobile radio service, as defined in Section
9 20.3 of Title 47 of the Code of Federal Regulations as
10 in effect on June 1, 1999.

11 "Place of primary use" means the street address
12 representative of where the customer's use of the
13 telecommunications service primarily occurs, which
14 must be the residential street address or the primary
15 business street address of the customer. In the case
16 of mobile telecommunications services, "place of
17 primary use" must be within the licensed service area
18 of the home service provider.

19 "Post-paid telecommunication service" means the
20 telecommunications service obtained by making a
21 payment on a call-by-call basis either through the use
22 of a credit card or payment mechanism such as a bank
23 card, travel card, credit card, or debit card, or by
24 charge made to a telephone number which is not
25 associated with the origination or termination of the
26 telecommunications service. A post-paid calling

1 service includes telecommunications service, except a
2 prepaid wireless calling service, that would be a
3 prepaid calling service except it is not exclusively a
4 telecommunication service.

5 "Prepaid telecommunication service" means the
6 right to access exclusively telecommunications
7 services, which must be paid for in advance and which
8 enables the origination of calls using an access
9 number or authorization code, whether manually or
10 electronically dialed, and that is sold in
11 predetermined units or dollars of which the number
12 declines with use in a known amount.

13 "Prepaid Mobile telecommunication service" means a
14 telecommunications service that provides the right to
15 utilize mobile wireless service as well as other
16 non-telecommunication services, including, but not
17 limited to, ancillary services, which must be paid for
18 in advance that is sold in predetermined units or
19 dollars of which the number declines with use in a
20 known amount.

21 "Private communication service" means a
22 telecommunication service that entitles the customer
23 to exclusive or priority use of a communications
24 channel or group of channels between or among
25 termination points, regardless of the manner in which
26 such channel or channels are connected, and includes

1 switching capacity, extension lines, stations, and any
2 other associated services that are provided in
3 connection with the use of such channel or channels.

4 "Service address" means:

5 (a) The location of the telecommunications
6 equipment to which a customer's call is charged
7 and from which the call originates or terminates,
8 regardless of where the call is billed or paid;

9 (b) If the location in line (a) is not known,
10 service address means the origination point of the
11 signal of the telecommunications services first
12 identified by either the seller's
13 telecommunications system or in information
14 received by the seller from its service provider
15 where the system used to transport such signals is
16 not that of the seller; and

17 (c) If the locations in line (a) and line (b)
18 are not known, the service address means the
19 location of the customer's place of primary use.

20 "Telecommunications service" means the electronic
21 transmission, conveyance, or routing of voice, data,
22 audio, video, or any other information or signals to a
23 point, or between or among points. The term
24 "telecommunications service" includes such
25 transmission, conveyance, or routing in which computer
26 processing applications are used to act on the form,

1 code or protocol of the content for purposes of
2 transmission, conveyance or routing without regard to
3 whether such service is referred to as voice over
4 Internet protocol services or is classified by the
5 Federal Communications Commission as enhanced or value
6 added. "Telecommunications service" does not include:

7 (a) Data processing and information services
8 that allow data to be generated, acquired, stored,
9 processed, or retrieved and delivered by an
10 electronic transmission to a purchaser when such
11 purchaser's primary purpose for the underlying
12 transaction is the processed data or information;

13 (b) Installation or maintenance of wiring or
14 equipment on a customer's premises;

15 (c) Tangible personal property;

16 (d) Advertising, including, but not limited
17 to, directory advertising;

18 (e) Billing and collection services provided
19 to third parties;

20 (f) Internet access service;

21 (g) Radio and television audio and video
22 programming services, regardless of the medium,
23 including the furnishing of transmission,
24 conveyance and routing of such services by the
25 programming service provider. Radio and television
26 audio and video programming services shall

1 include, but not be limited to, cable service as
2 defined in 47 USC 522(6) and audio and video
3 programming services delivered by commercial
4 mobile radio service providers, as defined in 47
5 CFR 20.3;

6 (h) "Ancillary services"; or

7 (i) Digital products "delivered
8 electronically", including, but not limited to,
9 software, music, video, reading materials or ring
10 tones.

11 "Vertical service" means an "ancillary service"
12 that is offered in connection with one or more
13 "telecommunications services", which offers advanced
14 calling features that allow customers to identify
15 callers and to manage multiple calls and call
16 connections, including "conference bridging services".

17 "Voice mail service" means an "ancillary service"
18 that enables the customer to store, send or receive
19 recorded messages. "Voice mail service" does not
20 include any "vertical services" that the customer may
21 be required to have in order to utilize the "voice mail
22 service".

23 (ii) Receipts from the sale of telecommunications
24 service sold on an individual call-by-call basis are
25 in this State if either of the following applies:

26 (a) The call both originates and terminates in

1 this State.

2 (b) The call either originates or terminates
3 in this State and the service address is located
4 in this State.

5 (iii) Receipts from the sale of postpaid
6 telecommunications service at retail are in this State
7 if the origination point of the telecommunication
8 signal, as first identified by the service provider's
9 telecommunication system or as identified by
10 information received by the seller from its service
11 provider if the system used to transport
12 telecommunication signals is not the seller's, is
13 located in this State.

14 (iv) Receipts from the sale of prepaid
15 telecommunications service or prepaid mobile
16 telecommunications service at retail are in this State
17 if the purchaser obtains the prepaid card or similar
18 means of conveyance at a location in this State.
19 Receipts from recharging a prepaid telecommunications
20 service or mobile telecommunications service is in
21 this State if the purchaser's billing information
22 indicates a location in this State.

23 (v) Receipts from the sale of private
24 communication services are in this State as follows:

25 (a) 100% of receipts from charges imposed at
26 each channel termination point in this State.

1 (b) 100% of receipts from charges for the
2 total channel mileage between each channel
3 termination point in this State.

4 (c) 50% of the total receipts from charges for
5 service segments when those segments are between 2
6 customer channel termination points, 1 of which is
7 located in this State and the other is located
8 outside of this State, which segments are
9 separately charged.

10 (d) The receipts from charges for service
11 segments with a channel termination point located
12 in this State and in two or more other states, and
13 which segments are not separately billed, are in
14 this State based on a percentage determined by
15 dividing the number of customer channel
16 termination points in this State by the total
17 number of customer channel termination points.

18 (vi) Receipts from charges for ancillary services
19 for telecommunications service sold to customers at
20 retail are in this State if the customer's primary
21 place of use of telecommunications services associated
22 with those ancillary services is in this State. If the
23 seller of those ancillary services cannot determine
24 where the associated telecommunications are located,
25 then the ancillary services shall be based on the
26 location of the purchaser.

1 (vii) Receipts to access a carrier's network or
2 from the sale of telecommunication services or
3 ancillary services for resale are in this State as
4 follows:

5 (a) 100% of the receipts from access fees
6 attributable to intrastate telecommunications
7 service that both originates and terminates in
8 this State.

9 (b) 50% of the receipts from access fees
10 attributable to interstate telecommunications
11 service if the interstate call either originates
12 or terminates in this State.

13 (c) 100% of the receipts from interstate end
14 user access line charges, if the customer's
15 service address is in this State. As used in this
16 subdivision, "interstate end user access line
17 charges" includes, but is not limited to, the
18 surcharge approved by the federal communications
19 commission and levied pursuant to 47 CFR 69.

20 (d) Gross receipts from sales of
21 telecommunication services or from ancillary
22 services for telecommunications services sold to
23 other telecommunication service providers for
24 resale shall be sourced to this State using the
25 apportionment concepts used for non-resale
26 receipts of telecommunications services if the

1 information is readily available to make that
2 determination. If the information is not readily
3 available, then the taxpayer may use any other
4 reasonable and consistent method.

5 (B-7) For taxable years ending on or after December
6 31, 2008, receipts from the sale of broadcasting services
7 are in this State if the broadcasting services are
8 received in this State. For purposes of this paragraph
9 (B-7), the following terms have the following meanings:

10 "Advertising revenue" means consideration received
11 by the taxpayer in exchange for broadcasting services
12 or allowing the broadcasting of commercials or
13 announcements in connection with the broadcasting of
14 film or radio programming, from sponsorships of the
15 programming, or from product placements in the
16 programming.

17 "Audience factor" means the ratio that the
18 audience or subscribers located in this State of a
19 station, a network, or a cable system bears to the
20 total audience or total subscribers for that station,
21 network, or cable system. The audience factor for film
22 or radio programming shall be determined by reference
23 to the books and records of the taxpayer or by
24 reference to published rating statistics provided the
25 method used by the taxpayer is consistently used from
26 year to year for this purpose and fairly represents

1 the taxpayer's activity in this State.

2 "Broadcast" or "broadcasting" or "broadcasting
3 services" means the transmission or provision of film
4 or radio programming, whether through the public
5 airwaves, by cable, by direct or indirect satellite
6 transmission, or by any other means of communication,
7 either through a station, a network, or a cable
8 system.

9 "Film" or "film programming" means the broadcast
10 on television of any and all performances, events, or
11 productions, including, but not limited to, news,
12 sporting events, plays, stories, or other literary,
13 commercial, educational, or artistic works, either
14 live or through the use of video tape, disc, or any
15 other type of format or medium. Each episode of a
16 series of films produced for television shall
17 constitute separate "film" notwithstanding that the
18 series relates to the same principal subject and is
19 produced during one or more tax periods.

20 "Radio" or "radio programming" means the broadcast
21 on radio of any and all performances, events, or
22 productions, including, but not limited to, news,
23 sporting events, plays, stories, or other literary,
24 commercial, educational, or artistic works, either
25 live or through the use of an audio tape, disc, or any
26 other format or medium. Each episode in a series of

1 radio programming produced for radio broadcast shall
2 constitute a separate "radio programming"
3 notwithstanding that the series relates to the same
4 principal subject and is produced during one or more
5 tax periods.

6 (i) In the case of advertising revenue from
7 broadcasting, the customer is the advertiser and
8 the service is received in this State if the
9 commercial domicile of the advertiser is in this
10 State.

11 (ii) In the case where film or radio
12 programming is broadcast by a station, a network,
13 or a cable system for a fee or other remuneration
14 received from the recipient of the broadcast, the
15 portion of the service that is received in this
16 State is measured by the portion of the recipients
17 of the broadcast located in this State.
18 Accordingly, the fee or other remuneration for
19 such service that is included in the Illinois
20 numerator of the sales factor is the total of
21 those fees or other remuneration received from
22 recipients in Illinois. For purposes of this
23 paragraph, a taxpayer may determine the location
24 of the recipients of its broadcast using the
25 address of the recipient shown in its contracts
26 with the recipient or using the billing address of

1 the recipient in the taxpayer's records.

2 (iii) In the case where film or radio
3 programming is broadcast by a station, a network,
4 or a cable system for a fee or other remuneration
5 from the person providing the programming, the
6 portion of the broadcast service that is received
7 by such station, network, or cable system in this
8 State is measured by the portion of recipients of
9 the broadcast located in this State. Accordingly,
10 the amount of revenue related to such an
11 arrangement that is included in the Illinois
12 numerator of the sales factor is the total fee or
13 other total remuneration from the person providing
14 the programming related to that broadcast
15 multiplied by the Illinois audience factor for
16 that broadcast.

17 (iv) In the case where film or radio
18 programming is provided by a taxpayer that is a
19 network or station to a customer for broadcast in
20 exchange for a fee or other remuneration from that
21 customer the broadcasting service is received at
22 the location of the office of the customer from
23 which the services were ordered in the regular
24 course of the customer's trade or business.
25 Accordingly, in such a case the revenue derived by
26 the taxpayer that is included in the taxpayer's

1 Illinois numerator of the sales factor is the
2 revenue from such customers who receive the
3 broadcasting service in Illinois.

4 (v) In the case where film or radio
5 programming is provided by a taxpayer that is not
6 a network or station to another person for
7 broadcasting in exchange for a fee or other
8 remuneration from that person, the broadcasting
9 service is received at the location of the office
10 of the customer from which the services were
11 ordered in the regular course of the customer's
12 trade or business. Accordingly, in such a case the
13 revenue derived by the taxpayer that is included
14 in the taxpayer's Illinois numerator of the sales
15 factor is the revenue from such customers who
16 receive the broadcasting service in Illinois.

17 (B-8) Gross receipts from winnings under the Illinois
18 Lottery Law from the assignment of a prize under Section
19 13.1 of the Illinois Lottery Law are received in this
20 State. This paragraph (B-8) applies only to taxable years
21 ending on or after December 31, 2013.

22 (B-9) For taxable years ending on or after December
23 31, 2019, gross receipts from winnings from pari-mutuel
24 wagering conducted at a wagering facility licensed under
25 the Illinois Horse Racing Act of 1975 or from winnings
26 from gambling games conducted on a riverboat or in a

1 casino or organization gaming facility licensed under the
2 Illinois Gambling Act are in this State.

3 (B-10) For taxable years ending on or after December
4 31, 2021, gross receipts from winnings from sports
5 wagering conducted in accordance with the Sports Wagering
6 Act are in this State.

7 (C) For taxable years ending before December 31, 2008,
8 sales, other than sales governed by paragraphs (B), (B-1),
9 (B-2), and (B-8) are in this State if:

10 (i) The income-producing activity is performed in
11 this State; or

12 (ii) The income-producing activity is performed
13 both within and without this State and a greater
14 proportion of the income-producing activity is
15 performed within this State than without this State,
16 based on performance costs.

17 (C-5) For taxable years ending on or after December
18 31, 2008, sales, other than sales governed by paragraphs
19 (B), (B-1), (B-2), (B-5), and (B-7), are in this State if
20 any of the following criteria are met:

21 (i) Sales from the sale or lease of real property
22 are in this State if the property is located in this
23 State.

24 (ii) Sales from the lease or rental of tangible
25 personal property are in this State if the property is
26 located in this State during the rental period. Sales

1 from the lease or rental of tangible personal property
2 that is characteristically moving property, including,
3 but not limited to, motor vehicles, rolling stock,
4 aircraft, vessels, or mobile equipment are in this
5 State to the extent that the property is used in this
6 State.

7 (iii) In the case of interest, net gains (but not
8 less than zero) and other items of income from
9 intangible personal property, the sale is in this
10 State if:

11 (a) in the case of a taxpayer who is a dealer
12 in the item of intangible personal property within
13 the meaning of Section 475 of the Internal Revenue
14 Code, the income or gain is received from a
15 customer in this State. For purposes of this
16 subparagraph, a customer is in this State if the
17 customer is an individual, trust or estate who is
18 a resident of this State and, for all other
19 customers, if the customer's commercial domicile
20 is in this State. Unless the dealer has actual
21 knowledge of the residence or commercial domicile
22 of a customer during a taxable year, the customer
23 shall be deemed to be a customer in this State if
24 the billing address of the customer, as shown in
25 the records of the dealer, is in this State; or

26 (b) in all other cases, if the

1 income-producing activity of the taxpayer is
2 performed in this State or, if the
3 income-producing activity of the taxpayer is
4 performed both within and without this State, if a
5 greater proportion of the income-producing
6 activity of the taxpayer is performed within this
7 State than in any other state, based on
8 performance costs.

9 (iv) Sales of services are in this State if the
10 services are received in this State. For the purposes
11 of this section, gross receipts from the performance
12 of services provided to a corporation, partnership, or
13 trust may only be attributed to a state where that
14 corporation, partnership, or trust has a fixed place
15 of business. If the state where the services are
16 received is not readily determinable or is a state
17 where the corporation, partnership, or trust receiving
18 the service does not have a fixed place of business,
19 the services shall be deemed to be received at the
20 location of the office of the customer from which the
21 services were ordered in the regular course of the
22 customer's trade or business. If the ordering office
23 cannot be determined, the services shall be deemed to
24 be received at the office of the customer to which the
25 services are billed. If the taxpayer is not taxable in
26 the state in which the services are received, the sale

1 must be excluded from both the numerator and the
2 denominator of the sales factor. The Department shall
3 adopt rules prescribing where specific types of
4 service are received, including, but not limited to,
5 publishing, and utility service.

6 (D) For taxable years ending on or after December 31,
7 1995, the following items of income shall not be included
8 in the numerator or denominator of the sales factor:
9 dividends; amounts included under Section 78 of the
10 Internal Revenue Code; and Subpart F income as defined in
11 Section 952 of the Internal Revenue Code. No inference
12 shall be drawn from the enactment of this paragraph (D) in
13 construing this Section for taxable years ending before
14 December 31, 1995.

15 (E) Paragraphs (B-1) and (B-2) shall apply to tax
16 years ending on or after December 31, 1999, provided that
17 a taxpayer may elect to apply the provisions of these
18 paragraphs to prior tax years. Such election shall be made
19 in the form and manner prescribed by the Department, shall
20 be irrevocable, and shall apply to all tax years; provided
21 that, if a taxpayer's Illinois income tax liability for
22 any tax year, as assessed under Section 903 prior to
23 January 1, 1999, was computed in a manner contrary to the
24 provisions of paragraphs (B-1) or (B-2), no refund shall
25 be payable to the taxpayer for that tax year to the extent
26 such refund is the result of applying the provisions of

1 paragraph (B-1) or (B-2) retroactively. In the case of a
2 unitary business group, such election shall apply to all
3 members of such group for every tax year such group is in
4 existence, but shall not apply to any taxpayer for any
5 period during which that taxpayer is not a member of such
6 group.

7 (b) Insurance companies.

8 (1) In general. Except as otherwise provided by
9 paragraph (2), business income of an insurance company for
10 a taxable year shall be apportioned to this State by
11 multiplying such income by a fraction, the numerator of
12 which is the direct premiums written for insurance upon
13 property or risk in this State, and the denominator of
14 which is the direct premiums written for insurance upon
15 property or risk everywhere. For purposes of this
16 subsection, the term "direct premiums written" means the
17 total amount of direct premiums written, assessments and
18 annuity considerations as reported for the taxable year on
19 the annual statement filed by the company with the
20 Illinois Director of Insurance in the form approved by the
21 National Convention of Insurance Commissioners or such
22 other form as may be prescribed in lieu thereof.

23 (2) Reinsurance. If the principal source of premiums
24 written by an insurance company consists of premiums for
25 reinsurance accepted by it, the business income of such
26 company shall be apportioned to this State by multiplying

1 such income by a fraction, the numerator of which is the
2 sum of (i) direct premiums written for insurance upon
3 property or risk in this State, plus (ii) premiums written
4 for reinsurance accepted in respect of property or risk in
5 this State, and the denominator of which is the sum of
6 (iii) direct premiums written for insurance upon property
7 or risk everywhere, plus (iv) premiums written for
8 reinsurance accepted in respect of property or risk
9 everywhere. For purposes of this paragraph, premiums
10 written for reinsurance accepted in respect of property or
11 risk in this State, whether or not otherwise determinable,
12 may, at the election of the company, be determined on the
13 basis of the proportion which premiums written for
14 reinsurance accepted from companies commercially domiciled
15 in Illinois bears to premiums written for reinsurance
16 accepted from all sources, or, alternatively, in the
17 proportion which the sum of the direct premiums written
18 for insurance upon property or risk in this State by each
19 ceding company from which reinsurance is accepted bears to
20 the sum of the total direct premiums written by each such
21 ceding company for the taxable year. The election made by
22 a company under this paragraph for its first taxable year
23 ending on or after December 31, 2011, shall be binding for
24 that company for that taxable year and for all subsequent
25 taxable years, and may be altered only with the written
26 permission of the Department, which shall not be

1 unreasonably withheld.

2 (c) Financial organizations.

3 (1) In general. For taxable years ending before
4 December 31, 2008, business income of a financial
5 organization shall be apportioned to this State by
6 multiplying such income by a fraction, the numerator of
7 which is its business income from sources within this
8 State, and the denominator of which is its business income
9 from all sources. For the purposes of this subsection, the
10 business income of a financial organization from sources
11 within this State is the sum of the amounts referred to in
12 subparagraphs (A) through (E) following, but excluding the
13 adjusted income of an international banking facility as
14 determined in paragraph (2):

15 (A) Fees, commissions or other compensation for
16 financial services rendered within this State;

17 (B) Gross profits from trading in stocks, bonds or
18 other securities managed within this State;

19 (C) Dividends, and interest from Illinois
20 customers, which are received within this State;

21 (D) Interest charged to customers at places of
22 business maintained within this State for carrying
23 debit balances of margin accounts, without deduction
24 of any costs incurred in carrying such accounts; and

25 (E) Any other gross income resulting from the
26 operation as a financial organization within this

1 State.

2 In computing the amounts referred to in paragraphs (A)
3 through (E) of this subsection, any amount received by a
4 member of an affiliated group (determined under Section
5 1504(a) of the Internal Revenue Code but without reference
6 to whether any such corporation is an "includible
7 corporation" under Section 1504(b) of the Internal Revenue
8 Code) from another member of such group shall be included
9 only to the extent such amount exceeds expenses of the
10 recipient directly related thereto.

11 (2) International Banking Facility. For taxable years
12 ending before December 31, 2008:

13 (A) Adjusted Income. The adjusted income of an
14 international banking facility is its income reduced
15 by the amount of the floor amount.

16 (B) Floor Amount. The floor amount shall be the
17 amount, if any, determined by multiplying the income
18 of the international banking facility by a fraction,
19 not greater than one, which is determined as follows:

20 (i) The numerator shall be:

21 The average aggregate, determined on a
22 quarterly basis, of the financial organization's
23 loans to banks in foreign countries, to foreign
24 domiciled borrowers (except where secured
25 primarily by real estate) and to foreign
26 governments and other foreign official

1 institutions, as reported for its branches,
2 agencies and offices within the state on its
3 "Consolidated Report of Condition", Schedule A,
4 Lines 2.c., 5.b., and 7.a., which was filed with
5 the Federal Deposit Insurance Corporation and
6 other regulatory authorities, for the year 1980,
7 minus

8 The average aggregate, determined on a
9 quarterly basis, of such loans (other than loans
10 of an international banking facility), as reported
11 by the financial institution for its branches,
12 agencies and offices within the state, on the
13 corresponding Schedule and lines of the
14 Consolidated Report of Condition for the current
15 taxable year, provided, however, that in no case
16 shall the amount determined in this clause (the
17 subtrahend) exceed the amount determined in the
18 preceding clause (the minuend); and

19 (ii) the denominator shall be the average
20 aggregate, determined on a quarterly basis, of the
21 international banking facility's loans to banks in
22 foreign countries, to foreign domiciled borrowers
23 (except where secured primarily by real estate)
24 and to foreign governments and other foreign
25 official institutions, which were recorded in its
26 financial accounts for the current taxable year.

1 (C) Change to Consolidated Report of Condition and
2 in Qualification. In the event the Consolidated Report
3 of Condition which is filed with the Federal Deposit
4 Insurance Corporation and other regulatory authorities
5 is altered so that the information required for
6 determining the floor amount is not found on Schedule
7 A, lines 2.c., 5.b. and 7.a., the financial
8 institution shall notify the Department and the
9 Department may, by regulations or otherwise, prescribe
10 or authorize the use of an alternative source for such
11 information. The financial institution shall also
12 notify the Department should its international banking
13 facility fail to qualify as such, in whole or in part,
14 or should there be any amendment or change to the
15 Consolidated Report of Condition, as originally filed,
16 to the extent such amendment or change alters the
17 information used in determining the floor amount.

18 (3) For taxable years ending on or after December 31,
19 2008, the business income of a financial organization
20 shall be apportioned to this State by multiplying such
21 income by a fraction, the numerator of which is its gross
22 receipts from sources in this State or otherwise
23 attributable to this State's marketplace and the
24 denominator of which is its gross receipts everywhere
25 during the taxable year. "Gross receipts" for purposes of
26 this subparagraph (3) means gross income, including net

1 taxable gain on disposition of assets, including
2 securities and money market instruments, when derived from
3 transactions and activities in the regular course of the
4 financial organization's trade or business. The following
5 examples are illustrative:

6 (i) Receipts from the lease or rental of real or
7 tangible personal property are in this State if the
8 property is located in this State during the rental
9 period. Receipts from the lease or rental of tangible
10 personal property that is characteristically moving
11 property, including, but not limited to, motor
12 vehicles, rolling stock, aircraft, vessels, or mobile
13 equipment are from sources in this State to the extent
14 that the property is used in this State.

15 (ii) Interest income, commissions, fees, gains on
16 disposition, and other receipts from assets in the
17 nature of loans that are secured primarily by real
18 estate or tangible personal property are from sources
19 in this State if the security is located in this State.

20 (iii) Interest income, commissions, fees, gains on
21 disposition, and other receipts from consumer loans
22 that are not secured by real or tangible personal
23 property are from sources in this State if the debtor
24 is a resident of this State.

25 (iv) Interest income, commissions, fees, gains on
26 disposition, and other receipts from commercial loans

1 and installment obligations that are not secured by
2 real or tangible personal property are from sources in
3 this State if the proceeds of the loan are to be
4 applied in this State. If it cannot be determined
5 where the funds are to be applied, the income and
6 receipts are from sources in this State if the office
7 of the borrower from which the loan was negotiated in
8 the regular course of business is located in this
9 State. If the location of this office cannot be
10 determined, the income and receipts shall be excluded
11 from the numerator and denominator of the sales
12 factor.

13 (v) Interest income, fees, gains on disposition,
14 service charges, merchant discount income, and other
15 receipts from credit card receivables are from sources
16 in this State if the card charges are regularly billed
17 to a customer in this State.

18 (vi) Receipts from the performance of services,
19 including, but not limited to, fiduciary, advisory,
20 and brokerage services, are in this State if the
21 services are received in this State within the meaning
22 of subparagraph (a) (3) (C-5) (iv) of this Section.

23 (vii) Receipts from the issuance of travelers
24 checks and money orders are from sources in this State
25 if the checks and money orders are issued from a
26 location within this State.

1 (viii) Receipts from investment assets and
2 activities and trading assets and activities are
3 included in the receipts factor as follows:

4 (1) Interest, dividends, net gains (but not
5 less than zero) and other income from investment
6 assets and activities from trading assets and
7 activities shall be included in the receipts
8 factor. Investment assets and activities and
9 trading assets and activities include, but are not
10 limited to: investment securities; trading account
11 assets; federal funds; securities purchased and
12 sold under agreements to resell or repurchase;
13 options; futures contracts; forward contracts;
14 notional principal contracts such as swaps;
15 equities; and foreign currency transactions. With
16 respect to the investment and trading assets and
17 activities described in subparagraphs (A) and (B)
18 of this paragraph, the receipts factor shall
19 include the amounts described in such
20 subparagraphs.

21 (A) The receipts factor shall include the
22 amount by which interest from federal funds
23 sold and securities purchased under resale
24 agreements exceeds interest expense on federal
25 funds purchased and securities sold under
26 repurchase agreements.

1 (B) The receipts factor shall include the
2 amount by which interest, dividends, gains and
3 other income from trading assets and
4 activities, including, but not limited to,
5 assets and activities in the matched book, in
6 the arbitrage book, and foreign currency
7 transactions, exceed amounts paid in lieu of
8 interest, amounts paid in lieu of dividends,
9 and losses from such assets and activities.

10 (2) The numerator of the receipts factor
11 includes interest, dividends, net gains (but not
12 less than zero), and other income from investment
13 assets and activities and from trading assets and
14 activities described in paragraph (1) of this
15 subsection that are attributable to this State.

16 (A) The amount of interest, dividends, net
17 gains (but not less than zero), and other
18 income from investment assets and activities
19 in the investment account to be attributed to
20 this State and included in the numerator is
21 determined by multiplying all such income from
22 such assets and activities by a fraction, the
23 numerator of which is the gross income from
24 such assets and activities which are properly
25 assigned to a fixed place of business of the
26 taxpayer within this State and the denominator

1 of which is the gross income from all such
2 assets and activities.

3 (B) The amount of interest from federal
4 funds sold and purchased and from securities
5 purchased under resale agreements and
6 securities sold under repurchase agreements
7 attributable to this State and included in the
8 numerator is determined by multiplying the
9 amount described in subparagraph (A) of
10 paragraph (1) of this subsection from such
11 funds and such securities by a fraction, the
12 numerator of which is the gross income from
13 such funds and such securities which are
14 properly assigned to a fixed place of business
15 of the taxpayer within this State and the
16 denominator of which is the gross income from
17 all such funds and such securities.

18 (C) The amount of interest, dividends,
19 gains, and other income from trading assets
20 and activities, including, but not limited to,
21 assets and activities in the matched book, in
22 the arbitrage book and foreign currency
23 transactions (but excluding amounts described
24 in subparagraphs (A) or (B) of this
25 paragraph), attributable to this State and
26 included in the numerator is determined by

1 multiplying the amount described in
2 subparagraph (B) of paragraph (1) of this
3 subsection by a fraction, the numerator of
4 which is the gross income from such trading
5 assets and activities which are properly
6 assigned to a fixed place of business of the
7 taxpayer within this State and the denominator
8 of which is the gross income from all such
9 assets and activities.

10 (D) Properly assigned, for purposes of
11 this paragraph (2) of this subsection, means
12 the investment or trading asset or activity is
13 assigned to the fixed place of business with
14 which it has a preponderance of substantive
15 contacts. An investment or trading asset or
16 activity assigned by the taxpayer to a fixed
17 place of business without the State shall be
18 presumed to have been properly assigned if:

19 (i) the taxpayer has assigned, in the
20 regular course of its business, such asset
21 or activity on its records to a fixed
22 place of business consistent with federal
23 or state regulatory requirements;

24 (ii) such assignment on its records is
25 based upon substantive contacts of the
26 asset or activity to such fixed place of

1 business; and

2 (iii) the taxpayer uses such records
3 reflecting assignment of such assets or
4 activities for the filing of all state and
5 local tax returns for which an assignment
6 of such assets or activities to a fixed
7 place of business is required.

8 (E) The presumption of proper assignment
9 of an investment or trading asset or activity
10 provided in subparagraph (D) of paragraph (2)
11 of this subsection may be rebutted upon a
12 showing by the Department, supported by a
13 preponderance of the evidence, that the
14 preponderance of substantive contacts
15 regarding such asset or activity did not occur
16 at the fixed place of business to which it was
17 assigned on the taxpayer's records. If the
18 fixed place of business that has a
19 preponderance of substantive contacts cannot
20 be determined for an investment or trading
21 asset or activity to which the presumption in
22 subparagraph (D) of paragraph (2) of this
23 subsection does not apply or with respect to
24 which that presumption has been rebutted, that
25 asset or activity is properly assigned to the
26 state in which the taxpayer's commercial

1 domicile is located. For purposes of this
2 subparagraph (E), it shall be presumed,
3 subject to rebuttal, that taxpayer's
4 commercial domicile is in the state of the
5 United States or the District of Columbia to
6 which the greatest number of employees are
7 regularly connected with the management of the
8 investment or trading income or out of which
9 they are working, irrespective of where the
10 services of such employees are performed, as
11 of the last day of the taxable year.

12 (4) (Blank).

13 (5) (Blank).

14 (c-1) Federally regulated exchanges. For taxable years
15 ending on or after December 31, 2012, business income of a
16 federally regulated exchange shall, at the option of the
17 federally regulated exchange, be apportioned to this State by
18 multiplying such income by a fraction, the numerator of which
19 is its business income from sources within this State, and the
20 denominator of which is its business income from all sources.
21 For purposes of this subsection, the business income within
22 this State of a federally regulated exchange is the sum of the
23 following:

24 (1) Receipts attributable to transactions executed on
25 a physical trading floor if that physical trading floor is
26 located in this State.

1 (2) Receipts attributable to all other matching,
2 execution, or clearing transactions, including without
3 limitation receipts from the provision of matching,
4 execution, or clearing services to another entity,
5 multiplied by (i) for taxable years ending on or after
6 December 31, 2012 but before December 31, 2013, 63.77%;
7 and (ii) for taxable years ending on or after December 31,
8 2013, 27.54%.

9 (3) All other receipts not governed by subparagraphs
10 (1) or (2) of this subsection (c-1), to the extent the
11 receipts would be characterized as "sales in this State"
12 under item (3) of subsection (a) of this Section.

13 "Federally regulated exchange" means (i) a "registered
14 entity" within the meaning of 7 U.S.C. Section 1a(40)(A), (B),
15 or (C), (ii) an "exchange" or "clearing agency" within the
16 meaning of 15 U.S.C. Section 78c (a)(1) or (23), (iii) any such
17 entities regulated under any successor regulatory structure to
18 the foregoing, and (iv) all taxpayers who are members of the
19 same unitary business group as a federally regulated exchange,
20 determined without regard to the prohibition in Section
21 1501(a)(27) of this Act against including in a unitary
22 business group taxpayers who are ordinarily required to
23 apportion business income under different subsections of this
24 Section; provided that this subparagraph (iv) shall apply only
25 if 50% or more of the business receipts of the unitary business
26 group determined by application of this subparagraph (iv) for

1 the taxable year are attributable to the matching, execution,
2 or clearing of transactions conducted by an entity described
3 in subparagraph (i), (ii), or (iii) of this paragraph.

4 In no event shall the Illinois apportionment percentage
5 computed in accordance with this subsection (c-1) for any
6 taxpayer for any tax year be less than the Illinois
7 apportionment percentage computed under this subsection (c-1)
8 for that taxpayer for the first full tax year ending on or
9 after December 31, 2013 for which this subsection (c-1)
10 applied to the taxpayer.

11 (d) Transportation services. For taxable years ending
12 before December 31, 2008, business income derived from
13 furnishing transportation services shall be apportioned to
14 this State in accordance with paragraphs (1) and (2):

15 (1) Such business income (other than that derived from
16 transportation by pipeline) shall be apportioned to this
17 State by multiplying such income by a fraction, the
18 numerator of which is the revenue miles of the person in
19 this State, and the denominator of which is the revenue
20 miles of the person everywhere. For purposes of this
21 paragraph, a revenue mile is the transportation of 1
22 passenger or 1 net ton of freight the distance of 1 mile
23 for a consideration. Where a person is engaged in the
24 transportation of both passengers and freight, the
25 fraction above referred to shall be determined by means of
26 an average of the passenger revenue mile fraction and the

1 freight revenue mile fraction, weighted to reflect the
2 person's

3 (A) relative railway operating income from total
4 passenger and total freight service, as reported to
5 the Interstate Commerce Commission, in the case of
6 transportation by railroad, and

7 (B) relative gross receipts from passenger and
8 freight transportation, in case of transportation
9 other than by railroad.

10 (2) Such business income derived from transportation
11 by pipeline shall be apportioned to this State by
12 multiplying such income by a fraction, the numerator of
13 which is the revenue miles of the person in this State, and
14 the denominator of which is the revenue miles of the
15 person everywhere. For the purposes of this paragraph, a
16 revenue mile is the transportation by pipeline of 1 barrel
17 of oil, 1,000 cubic feet of gas, or of any specified
18 quantity of any other substance, the distance of 1 mile
19 for a consideration.

20 (3) For taxable years ending on or after December 31,
21 2008, business income derived from providing
22 transportation services other than airline services shall
23 be apportioned to this State by using a fraction, (a) the
24 numerator of which shall be (i) all receipts from any
25 movement or shipment of people, goods, mail, oil, gas, or
26 any other substance (other than by airline) that both

1 originates and terminates in this State, plus (ii) that
2 portion of the person's gross receipts from movements or
3 shipments of people, goods, mail, oil, gas, or any other
4 substance (other than by airline) that originates in one
5 state or jurisdiction and terminates in another state or
6 jurisdiction, that is determined by the ratio that the
7 miles traveled in this State bears to total miles
8 everywhere and (b) the denominator of which shall be all
9 revenue derived from the movement or shipment of people,
10 goods, mail, oil, gas, or any other substance (other than
11 by airline). Where a taxpayer is engaged in the
12 transportation of both passengers and freight, the
13 fraction above referred to shall first be determined
14 separately for passenger miles and freight miles. Then an
15 average of the passenger miles fraction and the freight
16 miles fraction shall be weighted to reflect the
17 taxpayer's:

18 (A) relative railway operating income from total
19 passenger and total freight service, as reported to
20 the Surface Transportation Board, in the case of
21 transportation by railroad; and

22 (B) relative gross receipts from passenger and
23 freight transportation, in case of transportation
24 other than by railroad.

25 (4) For taxable years ending on or after December 31,
26 2008, business income derived from furnishing airline

1 transportation services shall be apportioned to this State
2 by multiplying such income by a fraction, the numerator of
3 which is the revenue miles of the person in this State, and
4 the denominator of which is the revenue miles of the
5 person everywhere. For purposes of this paragraph, a
6 revenue mile is the transportation of one passenger or one
7 net ton of freight the distance of one mile for a
8 consideration. If a person is engaged in the
9 transportation of both passengers and freight, the
10 fraction above referred to shall be determined by means of
11 an average of the passenger revenue mile fraction and the
12 freight revenue mile fraction, weighted to reflect the
13 person's relative gross receipts from passenger and
14 freight airline transportation.

15 (e) Combined apportionment. Where 2 or more persons are
16 engaged in a unitary business as described in subsection
17 (a) (27) of Section 1501, a part of which is conducted in this
18 State by one or more members of the group, the business income
19 attributable to this State by any such member or members shall
20 be apportioned by means of the combined apportionment method.

21 (f) Alternative allocation. If the allocation and
22 apportionment provisions of subsections (a) through (e) and of
23 subsection (h) do not, for taxable years ending before
24 December 31, 2008, fairly represent the extent of a person's
25 business activity in this State, or, for taxable years ending
26 on or after December 31, 2008, fairly represent the market for

1 the person's goods, services, or other sources of business
2 income, the person may petition for, or the Director may,
3 without a petition, permit or require, in respect of all or any
4 part of the person's business activity, if reasonable:

5 (1) Separate accounting;

6 (2) The exclusion of any one or more factors;

7 (3) The inclusion of one or more additional factors
8 which will fairly represent the person's business
9 activities or market in this State; or

10 (4) The employment of any other method to effectuate
11 an equitable allocation and apportionment of the person's
12 business income.

13 (g) Cross reference. For allocation of business income by
14 residents, see Section 301(a).

15 (h) For tax years ending on or after December 31, 1998, the
16 apportionment factor of persons who apportion their business
17 income to this State under subsection (a) shall be equal to:

18 (1) for tax years ending on or after December 31, 1998
19 and before December 31, 1999, 16 2/3% of the property
20 factor plus 16 2/3% of the payroll factor plus 66 2/3% of
21 the sales factor;

22 (2) for tax years ending on or after December 31, 1999
23 and before December 31, 2000, 8 1/3% of the property
24 factor plus 8 1/3% of the payroll factor plus 83 1/3% of
25 the sales factor;

26 (3) for tax years ending on or after December 31,

1 2000, the sales factor.

2 If, in any tax year ending on or after December 31, 1998 and
3 before December 31, 2000, the denominator of the payroll,
4 property, or sales factor is zero, the apportionment factor
5 computed in paragraph (1) or (2) of this subsection for that
6 year shall be divided by an amount equal to 100% minus the
7 percentage weight given to each factor whose denominator is
8 equal to zero.

9 (Source: P.A. 100-201, eff. 8-18-17; 101-31, eff. 6-28-19;
10 101-585, eff. 8-26-19; revised 9-12-19.)

11 (35 ILCS 5/710) (from Ch. 120, par. 7-710)

12 Sec. 710. Withholding from lottery, wagering, and gambling
13 winnings.

14 (a) In general.

15 (1) Any person making a payment to a resident or
16 nonresident of winnings under the Illinois Lottery Law and
17 not required to withhold Illinois income tax from such
18 payment under Subsection (b) of Section 701 of this Act
19 because those winnings are not subject to Federal income
20 tax withholding, must withhold Illinois income tax from
21 such payment at a rate equal to the percentage tax rate for
22 individuals provided in subsection (b) of Section 201,
23 provided that withholding is not required if such payment
24 of winnings is less than \$1,000.

25 (2) In the case of an assignment of a lottery prize

1 under Section 13.1 of the Illinois Lottery Law, any person
2 making a payment of the purchase price after December 31,
3 2013, shall withhold from the amount of each payment at a
4 rate equal to the percentage tax rate for individuals
5 provided in subsection (b) of Section 201.

6 (3) Any person making a payment after December 31,
7 2019 to a resident or nonresident of winnings from
8 pari-mutuel wagering conducted at a wagering facility
9 licensed under the Illinois Horse Racing Act of 1975 or
10 from gambling games conducted on a riverboat or in a
11 casino or organization gaming facility licensed under the
12 Illinois Gambling Act must withhold Illinois income tax
13 from such payment at a rate equal to the percentage tax
14 rate for individuals provided in subsection (b) of Section
15 201, provided that the person making the payment is
16 required to withhold under Section 3402(q) of the Internal
17 Revenue Code.

18 (4) Any person making a payment after December 31,
19 2021 to a resident or nonresident of winnings from sports
20 wagering conducted in accordance with the Sports Wagering
21 Act must withhold Illinois Income Tax from such payment at
22 a rate equal to the percentage tax rate for individuals
23 provided in subsection (b) of Section 201, provided that
24 the person making the payment is required to withhold
25 under Section 3402(q) of the Internal Revenue Code.

26 (b) Credit for taxes withheld. Any amount withheld under

1 Subsection (a) shall be a credit against the Illinois income
2 tax liability of the person to whom the payment of winnings was
3 made for the taxable year in which that person incurred an
4 Illinois income tax liability with respect to those winnings.
5 (Source: P.A. 101-31, eff. 6-28-19.)

6 (35 ILCS 5/902) (from Ch. 120, par. 9-902)

7 Sec. 902. Notice and Demand.

8 (a) In general. Except as provided in subsection (b) the
9 Director shall, as soon as practicable after an amount payable
10 under this Act is deemed assessed (as provided in Section
11 903), give notice to each person liable for any unpaid portion
12 of such assessment, stating the amount unpaid and demanding
13 payment thereof. In the case of tax deemed assessed with the
14 filing of a return, the Director shall give notice no later
15 than 3 years after the date the return was filed. Upon receipt
16 of any notice and demand there shall be paid at the place and
17 time stated in such notice the amount stated in such notice.
18 Such notice shall be left at the dwelling or usual place of
19 business of such person or shall be sent by mail to the
20 person's last known address.

21 (b) Judicial review. In the case of a deficiency deemed
22 assessed under Section 903(a)(2) after the filing of a
23 protest, notice and demand shall not be made with respect to
24 such assessment until all proceedings in court for the review
25 of such assessment have terminated or the time for the taking

1 thereof has expired without such proceedings being instituted.

2 (c) Action for recovery of taxes. At any time that the
3 Department might commence proceedings for a levy under Section
4 1109, regardless of whether a notice of lien was filed under
5 the provisions of Section 1103, it may bring an action in any
6 court of competent jurisdiction within or without this State
7 in the name of the people of this State to recover the amount
8 of any taxes, penalties and interest due and unpaid under this
9 Act. In such action, the certificate of the Department showing
10 the amount of the delinquency shall be prima facie evidence of
11 the correctness of such amount, its assessment and of the
12 compliance by the Department with all the provisions of this
13 Act.

14 (d) Sales or transfers outside the usual course of
15 business-Report-Payment of Tax - Rights and duties of
16 purchaser or transferee - penalty. If any taxpayer, outside
17 the usual course of his business, sells or transfers the major
18 part of any one or more of (A) the stock of goods which he is
19 engaged in the business of selling, or (B) the furniture or
20 fixtures, or (C) the machinery and equipment, or (D) the real
21 property, of any business that is subject to the provisions of
22 this Act, the purchaser or transferee of such assets shall, no
23 later than 10 business days before ~~after~~ the sale or transfer,
24 file a notice of sale or transfer of business assets with the
25 ~~Chicago office of the~~ Department disclosing the name and
26 address of the seller or transferor, the name and address of

1 the purchaser or transferee, the date of the sale or transfer,
2 a copy of the sales contract and financing agreements which
3 shall include a description of the property sold or
4 transferred, the amount of the purchase price or a statement
5 of other consideration for the sale or transfer, and the terms
6 for payment of the purchase price, and such other information
7 as the Department may reasonably require. If the purchaser or
8 transferee fails to file the above described notice of sale
9 with the Department within the prescribed time, the purchaser
10 or transferee shall be personally liable to the Department for
11 the amount owed hereunder by the seller or transferor but
12 unpaid, up to the amount of the reasonable value of the
13 property acquired by the purchaser or transferee. The
14 purchaser or transferee shall pay the Department the amount of
15 tax, penalties, and interest owed by the seller or transferor
16 under this Act, to the extent they have not been paid by the
17 seller or transferor. The seller or transferor, or the
18 purchaser or transferee, at least 10 business days before the
19 date of the sale or transfer, may notify the Department of the
20 intended sale or transfer and request the Department to make a
21 determination as to whether the seller or transferor owes any
22 tax, penalty or interest due under this Act. The Department
23 shall take such steps as may be appropriate to comply with such
24 request.

25 Any order issued by the Department pursuant to this
26 Section to withhold from the purchase price shall be issued

1 within 10 business days after the Department receives
2 notification of a sale as provided in this Section. The
3 purchaser or transferee shall withhold such portion of the
4 purchase price as may be directed by the Department, but not to
5 exceed a minimum amount varying by type of business, as
6 determined by the Department pursuant to regulations, plus
7 twice the outstanding unpaid liabilities and twice the average
8 liability of preceding filings times the number of unfiled
9 returns which were not filed when due, to cover the amount of
10 all tax, penalty, and interest due and unpaid by the seller or
11 transferor under this Act or, if the payment of money or
12 property is not involved, shall withhold the performance of
13 the condition that constitutes the consideration for the sale
14 or transfer. Within 60 business days after issuance of the
15 initial order to withhold, the Department shall provide
16 written notice to the purchaser or transferee of the actual
17 amount of all taxes, penalties and interest then due and
18 whether or not additional amounts may become due as a result of
19 unpaid taxes required to be withheld by an employer, returns
20 which were not filed when due, pending assessments and audits
21 not completed. The purchaser or transferee shall continue to
22 withhold the amount directed to be withheld by the initial
23 order or such lesser amount as is specified by the final
24 withholding order or to withhold the performance of the
25 condition which constitutes the consideration for the sale or
26 transfer until the purchaser or transferee receives from the

1 Department a certificate showing that no unpaid tax, penalty
2 or interest is due from the seller or transferor under this
3 Act.

4 The purchaser or transferee is relieved of any duty to
5 continue to withhold from the purchase price and of any
6 liability for tax, penalty, or interest due hereunder from the
7 seller or transferor if the Department fails to notify the
8 purchaser or transferee in the manner provided herein of the
9 amount to be withheld within 10 business days after the sale or
10 transfer has been reported to the Department or within 60
11 business days after issuance of the initial order to withhold,
12 as the case may be. The Department shall have the right to
13 determine amounts claimed on an estimated basis to allow for
14 periods for which returns were not filed when due, pending
15 assessments and audits not completed, however the purchaser or
16 transferee shall be personally liable only for the actual
17 amount due when determined.

18 If the seller or transferor has failed to pay the tax,
19 penalty, and interest due from him hereunder and the
20 Department makes timely claim therefor against the purchaser
21 or transferee as hereinabove provided, then the purchaser or
22 transferee shall pay to the Department the amount so withheld
23 from the purchase price. If the purchaser or transferee fails
24 to comply with the requirements of this Section, the purchaser
25 or transferee shall be personally liable to the Department for
26 the amount owed hereunder by the seller or transferor up to the

1 amount of the reasonable value of the property acquired by the
2 purchaser or transferee.

3 Any person who shall acquire any property or rights
4 thereto which, at the time of such acquisition, is subject to a
5 valid lien in favor of the Department, shall be personally
6 liable to the Department for a sum equal to the amount of
7 taxes, penalties and interests, secured by such lien, but not
8 to exceed the reasonable value of such property acquired by
9 him.

10 (Source: P.A. 94-776, eff. 5-19-06.)