



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

SB2413

Introduced 2/26/2021, by Sen. Napoleon Harris, III

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the State Finance Act. Creates the Financially Distressed Cities Fund. Amends the State Revenue Sharing Act and the Illinois Income Tax Act. Provides that the Comptroller shall monthly transfer to the Financially Distressed Cities Fund an amount certified by the Department of Revenue equal to: (1) the amount that would have been distributed under the State Revenue Sharing Act to all financially distressed cities if the Treasurer had transferred to the Local Government Distributive Fund a sum calculated using 10% of the net revenue realized from the tax imposed by the Illinois Income Tax Act upon individuals, trusts, estates, and corporations during the preceding month; and (2) subtracting the amount distributed to all financially distressed cities from the Local Government Distributive Fund. Provides that the Department of Revenue shall monthly allocate an amount from the Financially Distressed Cities Fund that shall be paid to each financially distressed city. Amends the Financially Distressed City Law of the Illinois Municipal Code. Makes the law applicable to both home rule and non-home rule municipalities. Provides that a State agency or unit of local government may also render technical assistance to a municipality's Financial Advisory Authority as the Authority may request. Provides that the State shall not reduce revenues or impose additional costs affecting a financially distressed city affecting the municipality unless it is consistent with the Financial Plan and Budget in effect. Provides that State mandates enacted while a municipality is designated as a financially distressed city that would cause the municipality to incur costs are not valid or enforceable during the period when the municipality is under the financially distressed city designation. Effective January 1, 2022.

LRB102 11630 AWJ 16964 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning local government.

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

4 Section 5. The State Finance Act is amended by adding  
5 Section 5.935 as follows:

6 (30 ILCS 105/5.935 new)

7 Sec. 5.935. The Financially Distressed Cities Fund.

8 Section 10. The State Revenue Sharing Act is amended by  
9 changing Section 2 as follows:

10 (30 ILCS 115/2) (from Ch. 85, par. 612)

11 Sec. 2. Allocation and Disbursement.

12 (a) As soon as may be after the first day of each month,  
13 the Department of Revenue shall allocate among the several  
14 municipalities and counties of this State the amount available  
15 in the Local Government Distributive Fund and in the Income  
16 Tax Surcharge Local Government Distributive Fund, determined  
17 as provided in Sections 1 and 1a above. Except as provided in  
18 Sections 13 and 13.1 of this Act, the Department shall ~~then~~  
19 ~~certify such allocations to the State Comptroller, who shall~~  
20 pay over to the several municipalities and counties the  
21 respective amounts allocated to them. The amount of such Funds

1 allocable to each such municipality and county shall be in  
2 proportion to the number of individual residents of such  
3 municipality or county to the total population of the State,  
4 determined in each case on the basis of the latest census of  
5 the State, municipality or county conducted by the Federal  
6 government and certified by the Secretary of State and for  
7 annexations to municipalities, the latest Federal, State or  
8 municipal census of the annexed area which has been certified  
9 by the Department of Revenue. Allocations to the City of  
10 Chicago under this Section are subject to Section 6 of the  
11 Hotel Operators' Occupation Tax Act. For the purpose of this  
12 Section, the number of individual residents of a county shall  
13 be reduced by the number of individuals residing therein in  
14 municipalities, but the number of individual residents of the  
15 State, county and municipality shall reflect the latest census  
16 of any of them. The amounts transferred into the Local  
17 Government Distributive Fund pursuant to Section 9 of the Use  
18 Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the  
19 Service Occupation Tax Act, and Section 3 of the Retailers'  
20 Occupation Tax Act, each as now or hereafter amended, pursuant  
21 to the amendments of such Sections by Public Act 85-1135,  
22 shall be distributed as provided in said Sections.

23 (a-5) The Department of Revenue shall allocate, as soon as  
24 may be practicable after the first day of each month, among  
25 each financially distressed city, as that term is defined in  
26 Section 8-12-3 of the Illinois Municipal Code, funds

1 transferred to the Financially Distressed Cities Fund under  
2 subsection (b-5) of Section 901 of the Illinois Income Tax  
3 Act. The Department shall then pay over to each financially  
4 distressed city the respective amounts allocated to it. The  
5 amount of funds allocable to each financially distressed city  
6 shall be in proportion to the number of individual residents  
7 of the financially distressed city to the total population of  
8 all financially distressed cities combined, determined in each  
9 case on the basis of the latest census of the State,  
10 municipality, or county conducted by the Federal government  
11 and certified by the Secretary of State and for annexations to  
12 municipalities, the latest Federal, State, or municipal census  
13 of the annexed area which has been certified by the Department  
14 of Revenue.

15 (b) It is the intent of the General Assembly that  
16 allocations made under this Section shall be made in a fair and  
17 equitable manner. Accordingly, the clerk of any municipality  
18 to which territory has been annexed, or from which territory  
19 has been disconnected, shall notify the Department of Revenue  
20 in writing of that annexation or disconnection and shall (1)  
21 state the number of residents within the territory that was  
22 annexed or disconnected, based on the last census conducted by  
23 the federal, State, or municipal government and certified by  
24 the Illinois Secretary of State, and (2) furnish therewith a  
25 certified copy of the plat of annexation or, in the case of  
26 disconnection, the ordinance, final judgment, or resolution of

1 disconnection together with an accurate depiction of the  
2 territory disconnected. The county in which the annexed or  
3 disconnected territory is located shall verify that the number  
4 of residents stated on the written notice that is to be sent to  
5 the Department of Revenue is true and accurate. The verified  
6 statement of the county shall accompany the written notice.  
7 However, if the county does not respond to the municipality's  
8 request for verification within 30 days, this verification  
9 requirement shall be waived. The written notice shall be  
10 provided to the Department of Revenue (1) within 30 days after  
11 the effective date of this amendatory Act of the 96th General  
12 Assembly for disconnections occurring after January 1, 2007  
13 and before the effective date of this amendatory Act of the  
14 96th General Assembly or (2) within 30 days after the  
15 annexation or disconnection for annexations or disconnections  
16 occurring on or after the effective date of this amendatory  
17 Act of the 96th General Assembly. For purposes of this  
18 Section, a disconnection or annexation through court order is  
19 deemed to be effective 30 days after the entry of a final  
20 judgment order, unless stayed pending appeal. Thereafter, the  
21 monthly allocation made to the municipality and to any other  
22 municipality or county affected by the annexation or  
23 disconnection shall be adjusted in accordance with this  
24 Section to reflect the change in residency of the residents of  
25 the territory that was annexed or disconnected. The adjustment  
26 shall be made no later than 30 days after the Department of

1 Revenue's receipt of the written notice of annexation or  
2 disconnection described in this Section.

3 (Source: P.A. 96-1040, eff. 7-14-10.)

4 Section 15. The Illinois Income Tax Act is amended by  
5 changing Section 901 as follows:

6 (35 ILCS 5/901)

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. 901. Collection authority.

10 (a) In general. The Department shall collect the taxes  
11 imposed by this Act. The Department shall collect certified  
12 past due child support amounts under Section 2505-650 of the  
13 Department of Revenue Law of the Civil Administrative Code of  
14 Illinois. Except as provided in subsections (b), (c), (e),  
15 (f), (g), and (h) of this Section, money collected pursuant to  
16 subsections (a) and (b) of Section 201 of this Act shall be  
17 paid into the General Revenue Fund in the State treasury;  
18 money collected pursuant to subsections (c) and (d) of Section  
19 201 of this Act shall be paid into the Personal Property Tax  
20 Replacement Fund, a special fund in the State Treasury; and  
21 money collected under Section 2505-650 of the Department of  
22 Revenue Law of the Civil Administrative Code of Illinois shall  
23 be paid into the Child Support Enforcement Trust Fund, a  
24 special fund outside the State Treasury, or to the State

1 Disbursement Unit established under Section 10-26 of the  
2 Illinois Public Aid Code, as directed by the Department of  
3 Healthcare and Family Services.

4 (b) Local Government Distributive Fund. Beginning August  
5 1, 2017, the Treasurer shall transfer each month from the  
6 General Revenue Fund to the Local Government Distributive Fund  
7 an amount equal to the sum of (i) 6.06% (10% of the ratio of  
8 the 3% individual income tax rate prior to 2011 to the 4.95%  
9 individual income tax rate after July 1, 2017) of the net  
10 revenue realized from the tax imposed by subsections (a) and  
11 (b) of Section 201 of this Act upon individuals, trusts, and  
12 estates during the preceding month and (ii) 6.85% (10% of the  
13 ratio of the 4.8% corporate income tax rate prior to 2011 to  
14 the 7% corporate income tax rate after July 1, 2017) of the net  
15 revenue realized from the tax imposed by subsections (a) and  
16 (b) of Section 201 of this Act upon corporations during the  
17 preceding month. Net revenue realized for a month shall be  
18 defined as the revenue from the tax imposed by subsections (a)  
19 and (b) of Section 201 of this Act which is deposited in the  
20 General Revenue Fund, the Education Assistance Fund, the  
21 Income Tax Surcharge Local Government Distributive Fund, the  
22 Fund for the Advancement of Education, and the Commitment to  
23 Human Services Fund during the month minus the amount paid out  
24 of the General Revenue Fund in State warrants during that same  
25 month as refunds to taxpayers for overpayment of liability  
26 under the tax imposed by subsections (a) and (b) of Section 201

1 of this Act.

2 Notwithstanding any provision of law to the contrary,  
3 beginning on July 6, 2017 (the effective date of Public Act  
4 100-23), those amounts required under this subsection (b) to  
5 be transferred by the Treasurer into the Local Government  
6 Distributive Fund from the General Revenue Fund shall be  
7 directly deposited into the Local Government Distributive Fund  
8 as the revenue is realized from the tax imposed by subsections  
9 (a) and (b) of Section 201 of this Act.

10 For State fiscal year 2020 only, notwithstanding any  
11 provision of law to the contrary, the total amount of revenue  
12 and deposits under this Section attributable to revenues  
13 realized during State fiscal year 2020 shall be reduced by 5%.

14 (b-5) Financially Distressed Cities Fund. The Department  
15 of Revenue shall certify to the Treasurer an amount equal to:

16 (1) the amount that would have been distributed under  
17 subsection (a) of Section 2 of the State Revenue Sharing  
18 Act to all financially distressed cities, as that term is  
19 defined in Section 8-12-3 of the Illinois Municipal Code,  
20 if the Treasurer had transferred under subsection (b) to  
21 the Local Government Distributive Fund a sum calculated  
22 using (i) 10% of the net revenue realized from the tax  
23 imposed by subsections (a) and (b) of Section 201 of this  
24 Act upon individuals, trusts, and estates during the  
25 preceding month and (ii) 10% of the net revenue realized  
26 from the tax imposed by subsections (a) and (b) of Section



1       201 of this Act upon corporations during the preceding  
2       month; and

3           (2) subtracting from the amount calculated under  
4       paragraph (1) the amount distributed to all financially  
5       distressed cities under subsection (a) of Section 2 of the  
6       State Revenue Sharing Act during the current month.

7       Upon receipt of the certification from the Department of  
8       Revenue, the Treasurer shall order transferred and the  
9       Comptroller shall transfer from the General Revenue Fund to  
10       the Financially Distressed Cities Fund the amount shown on the  
11       certification.

12       If for any reason the aggregate appropriations made  
13       available are insufficient to meet the amount certified under  
14       this subsection, this subsection shall constitute a continuing  
15       appropriation of the amount certified. The General Assembly  
16       may appropriate lesser amounts by law.

17           (c) Deposits Into Income Tax Refund Fund.

18           (1) Beginning on January 1, 1989 and thereafter, the  
19       Department shall deposit a percentage of the amounts  
20       collected pursuant to subsections (a) and (b)(1), (2), and  
21       (3) of Section 201 of this Act into a fund in the State  
22       treasury known as the Income Tax Refund Fund. Beginning  
23       with State fiscal year 1990 and for each fiscal year  
24       thereafter, the percentage deposited into the Income Tax  
25       Refund Fund during a fiscal year shall be the Annual  
26       Percentage. For fiscal year 2011, the Annual Percentage

1 shall be 8.75%. For fiscal year 2012, the Annual  
2 Percentage shall be 8.75%. For fiscal year 2013, the  
3 Annual Percentage shall be 9.75%. For fiscal year 2014,  
4 the Annual Percentage shall be 9.5%. For fiscal year 2015,  
5 the Annual Percentage shall be 10%. For fiscal year 2018,  
6 the Annual Percentage shall be 9.8%. For fiscal year 2019,  
7 the Annual Percentage shall be 9.7%. For fiscal year 2020,  
8 the Annual Percentage shall be 9.5%. For fiscal year 2021,  
9 the Annual Percentage shall be 9%. For all other fiscal  
10 years, the Annual Percentage shall be calculated as a  
11 fraction, the numerator of which shall be the amount of  
12 refunds approved for payment by the Department during the  
13 preceding fiscal year as a result of overpayment of tax  
14 liability under subsections (a) and (b) (1), (2), and (3)  
15 of Section 201 of this Act plus the amount of such refunds  
16 remaining approved but unpaid at the end of the preceding  
17 fiscal year, minus the amounts transferred into the Income  
18 Tax Refund Fund from the Tobacco Settlement Recovery Fund,  
19 and the denominator of which shall be the amounts which  
20 will be collected pursuant to subsections (a) and (b) (1),  
21 (2), and (3) of Section 201 of this Act during the  
22 preceding fiscal year; except that in State fiscal year  
23 2002, the Annual Percentage shall in no event exceed 7.6%.  
24 The Director of Revenue shall certify the Annual  
25 Percentage to the Comptroller on the last business day of  
26 the fiscal year immediately preceding the fiscal year for

1 which it is to be effective.

2 (2) Beginning on January 1, 1989 and thereafter, the  
3 Department shall deposit a percentage of the amounts  
4 collected pursuant to subsections (a) and (b) (6), (7), and  
5 (8), (c) and (d) of Section 201 of this Act into a fund in  
6 the State treasury known as the Income Tax Refund Fund.  
7 Beginning with State fiscal year 1990 and for each fiscal  
8 year thereafter, the percentage deposited into the Income  
9 Tax Refund Fund during a fiscal year shall be the Annual  
10 Percentage. For fiscal year 2011, the Annual Percentage  
11 shall be 17.5%. For fiscal year 2012, the Annual  
12 Percentage shall be 17.5%. For fiscal year 2013, the  
13 Annual Percentage shall be 14%. For fiscal year 2014, the  
14 Annual Percentage shall be 13.4%. For fiscal year 2015,  
15 the Annual Percentage shall be 14%. For fiscal year 2018,  
16 the Annual Percentage shall be 17.5%. For fiscal year  
17 2019, the Annual Percentage shall be 15.5%. For fiscal  
18 year 2020, the Annual Percentage shall be 14.25%. For  
19 fiscal year 2021, the Annual Percentage shall be 14%. For  
20 all other fiscal years, the Annual Percentage shall be  
21 calculated as a fraction, the numerator of which shall be  
22 the amount of refunds approved for payment by the  
23 Department during the preceding fiscal year as a result of  
24 overpayment of tax liability under subsections (a) and  
25 (b) (6), (7), and (8), (c) and (d) of Section 201 of this  
26 Act plus the amount of such refunds remaining approved but

1           unpaid at the end of the preceding fiscal year, and the  
2           denominator of which shall be the amounts which will be  
3           collected pursuant to subsections (a) and (b)(6), (7), and  
4           (8), (c) and (d) of Section 201 of this Act during the  
5           preceding fiscal year; except that in State fiscal year  
6           2002, the Annual Percentage shall in no event exceed 23%.  
7           The Director of Revenue shall certify the Annual  
8           Percentage to the Comptroller on the last business day of  
9           the fiscal year immediately preceding the fiscal year for  
10          which it is to be effective.

11           (3) The Comptroller shall order transferred and the  
12          Treasurer shall transfer from the Tobacco Settlement  
13          Recovery Fund to the Income Tax Refund Fund (i)  
14          \$35,000,000 in January, 2001, (ii) \$35,000,000 in January,  
15          2002, and (iii) \$35,000,000 in January, 2003.

16          (d) Expenditures from Income Tax Refund Fund.

17           (1) Beginning January 1, 1989, money in the Income Tax  
18          Refund Fund shall be expended exclusively for the purpose  
19          of paying refunds resulting from overpayment of tax  
20          liability under Section 201 of this Act and for making  
21          transfers pursuant to this subsection (d).

22           (2) The Director shall order payment of refunds  
23          resulting from overpayment of tax liability under Section  
24          201 of this Act from the Income Tax Refund Fund only to the  
25          extent that amounts collected pursuant to Section 201 of  
26          this Act and transfers pursuant to this subsection (d) and

1 item (3) of subsection (c) have been deposited and  
2 retained in the Fund.

3 (3) As soon as possible after the end of each fiscal  
4 year, the Director shall order transferred and the State  
5 Treasurer and State Comptroller shall transfer from the  
6 Income Tax Refund Fund to the Personal Property Tax  
7 Replacement Fund an amount, certified by the Director to  
8 the Comptroller, equal to the excess of the amount  
9 collected pursuant to subsections (c) and (d) of Section  
10 201 of this Act deposited into the Income Tax Refund Fund  
11 during the fiscal year over the amount of refunds  
12 resulting from overpayment of tax liability under  
13 subsections (c) and (d) of Section 201 of this Act paid  
14 from the Income Tax Refund Fund during the fiscal year.

15 (4) As soon as possible after the end of each fiscal  
16 year, the Director shall order transferred and the State  
17 Treasurer and State Comptroller shall transfer from the  
18 Personal Property Tax Replacement Fund to the Income Tax  
19 Refund Fund an amount, certified by the Director to the  
20 Comptroller, equal to the excess of the amount of refunds  
21 resulting from overpayment of tax liability under  
22 subsections (c) and (d) of Section 201 of this Act paid  
23 from the Income Tax Refund Fund during the fiscal year  
24 over the amount collected pursuant to subsections (c) and  
25 (d) of Section 201 of this Act deposited into the Income  
26 Tax Refund Fund during the fiscal year.

1           (4.5) As soon as possible after the end of fiscal year  
2           1999 and of each fiscal year thereafter, the Director  
3           shall order transferred and the State Treasurer and State  
4           Comptroller shall transfer from the Income Tax Refund Fund  
5           to the General Revenue Fund any surplus remaining in the  
6           Income Tax Refund Fund as of the end of such fiscal year;  
7           excluding for fiscal years 2000, 2001, and 2002 amounts  
8           attributable to transfers under item (3) of subsection (c)  
9           less refunds resulting from the earned income tax credit.

10           (5) This Act shall constitute an irrevocable and  
11           continuing appropriation from the Income Tax Refund Fund  
12           for the purpose of paying refunds upon the order of the  
13           Director in accordance with the provisions of this  
14           Section.

15           (e) Deposits into the Education Assistance Fund and the  
16           Income Tax Surcharge Local Government Distributive Fund. On  
17           July 1, 1991, and thereafter, of the amounts collected  
18           pursuant to subsections (a) and (b) of Section 201 of this Act,  
19           minus deposits into the Income Tax Refund Fund, the Department  
20           shall deposit 7.3% into the Education Assistance Fund in the  
21           State Treasury. Beginning July 1, 1991, and continuing through  
22           January 31, 1993, of the amounts collected pursuant to  
23           subsections (a) and (b) of Section 201 of the Illinois Income  
24           Tax Act, minus deposits into the Income Tax Refund Fund, the  
25           Department shall deposit 3.0% into the Income Tax Surcharge  
26           Local Government Distributive Fund in the State Treasury.

1 Beginning February 1, 1993 and continuing through June 30,  
2 1993, of the amounts collected pursuant to subsections (a) and  
3 (b) of Section 201 of the Illinois Income Tax Act, minus  
4 deposits into the Income Tax Refund Fund, the Department shall  
5 deposit 4.4% into the Income Tax Surcharge Local Government  
6 Distributive Fund in the State Treasury. Beginning July 1,  
7 1993, and continuing through June 30, 1994, of the amounts  
8 collected under subsections (a) and (b) of Section 201 of this  
9 Act, minus deposits into the Income Tax Refund Fund, the  
10 Department shall deposit 1.475% into the Income Tax Surcharge  
11 Local Government Distributive Fund in the State Treasury.

12 (f) Deposits into the Fund for the Advancement of  
13 Education. Beginning February 1, 2015, the Department shall  
14 deposit the following portions of the revenue realized from  
15 the tax imposed upon individuals, trusts, and estates by  
16 subsections (a) and (b) of Section 201 of this Act, minus  
17 deposits into the Income Tax Refund Fund, into the Fund for the  
18 Advancement of Education:

19 (1) beginning February 1, 2015, and prior to February  
20 1, 2025, 1/30; and

21 (2) beginning February 1, 2025, 1/26.

22 If the rate of tax imposed by subsection (a) and (b) of  
23 Section 201 is reduced pursuant to Section 201.5 of this Act,  
24 the Department shall not make the deposits required by this  
25 subsection (f) on or after the effective date of the  
26 reduction.

1 (g) Deposits into the Commitment to Human Services Fund.  
2 Beginning February 1, 2015, the Department shall deposit the  
3 following portions of the revenue realized from the tax  
4 imposed upon individuals, trusts, and estates by subsections  
5 (a) and (b) of Section 201 of this Act, minus deposits into the  
6 Income Tax Refund Fund, into the Commitment to Human Services  
7 Fund:

8 (1) beginning February 1, 2015, and prior to February  
9 1, 2025, 1/30; and

10 (2) beginning February 1, 2025, 1/26.

11 If the rate of tax imposed by subsection (a) and (b) of  
12 Section 201 is reduced pursuant to Section 201.5 of this Act,  
13 the Department shall not make the deposits required by this  
14 subsection (g) on or after the effective date of the  
15 reduction.

16 (h) Deposits into the Tax Compliance and Administration  
17 Fund. Beginning on the first day of the first calendar month to  
18 occur on or after August 26, 2014 (the effective date of Public  
19 Act 98-1098), each month the Department shall pay into the Tax  
20 Compliance and Administration Fund, to be used, subject to  
21 appropriation, to fund additional auditors and compliance  
22 personnel at the Department, an amount equal to 1/12 of 5% of  
23 the cash receipts collected during the preceding fiscal year  
24 by the Audit Bureau of the Department from the tax imposed by  
25 subsections (a), (b), (c), and (d) of Section 201 of this Act,  
26 net of deposits into the Income Tax Refund Fund made from those



1 cash receipts.

2 (Source: P.A. 100-22, eff. 7-6-17; 100-23, eff. 7-6-17;  
3 100-587, eff. 6-4-18; 100-621, eff. 7-20-18; 100-863, eff.  
4 8-14-18; 100-1171, eff. 1-4-19; 101-10, eff. 6-5-19; 101-81,  
5 eff. 7-12-19; 101-636, eff. 6-10-20.)

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

8 Sec. 901. Collection authority.

9 (a) In general. The Department shall collect the taxes  
10 imposed by this Act. The Department shall collect certified  
11 past due child support amounts under Section 2505-650 of the  
12 Department of Revenue Law of the Civil Administrative Code of  
13 Illinois. Except as provided in subsections (b), (c), (e),  
14 (f), (g), and (h) of this Section, money collected pursuant to  
15 subsections (a) and (b) of Section 201 of this Act shall be  
16 paid into the General Revenue Fund in the State treasury;  
17 money collected pursuant to subsections (c) and (d) of Section  
18 201 of this Act shall be paid into the Personal Property Tax  
19 Replacement Fund, a special fund in the State Treasury; and  
20 money collected under Section 2505-650 of the Department of  
21 Revenue Law of the Civil Administrative Code of Illinois shall  
22 be paid into the Child Support Enforcement Trust Fund, a  
23 special fund outside the State Treasury, or to the State  
24 Disbursement Unit established under Section 10-26 of the  
25 Illinois Public Aid Code, as directed by the Department of

1 Healthcare and Family Services.

2 (b) Local Government Distributive Fund. Beginning August  
3 1, 2017 and continuing through January 31, 2021, the Treasurer  
4 shall transfer each month from the General Revenue Fund to the  
5 Local Government Distributive Fund an amount equal to the sum  
6 of (i) 6.06% (10% of the ratio of the 3% individual income tax  
7 rate prior to 2011 to the 4.95% individual income tax rate  
8 after July 1, 2017) of the net revenue realized from the tax  
9 imposed by subsections (a) and (b) of Section 201 of this Act  
10 upon individuals, trusts, and estates during the preceding  
11 month and (ii) 6.85% (10% of the ratio of the 4.8% corporate  
12 income tax rate prior to 2011 to the 7% corporate income tax  
13 rate after July 1, 2017) of the net revenue realized from the  
14 tax imposed by subsections (a) and (b) of Section 201 of this  
15 Act upon corporations during the preceding month. Beginning  
16 February 1, 2021, the Treasurer shall transfer each month from  
17 the General Revenue Fund to the Local Government Distributive  
18 Fund an amount equal to the sum of (i) 5.32% of the net revenue  
19 realized from the tax imposed by subsections (a) and (b) of  
20 Section 201 of this Act upon individuals, trusts, and estates  
21 during the preceding month and (ii) 6.16% of the net revenue  
22 realized from the tax imposed by subsections (a) and (b) of  
23 Section 201 of this Act upon corporations during the preceding  
24 month. Net revenue realized for a month shall be defined as the  
25 revenue from the tax imposed by subsections (a) and (b) of  
26 Section 201 of this Act which is deposited in the General

1 Revenue Fund, the Education Assistance Fund, the Income Tax  
2 Surcharge Local Government Distributive Fund, the Fund for the  
3 Advancement of Education, and the Commitment to Human Services  
4 Fund during the month minus the amount paid out of the General  
5 Revenue Fund in State warrants during that same month as  
6 refunds to taxpayers for overpayment of liability under the  
7 tax imposed by subsections (a) and (b) of Section 201 of this  
8 Act.

9 Notwithstanding any provision of law to the contrary,  
10 beginning on July 6, 2017 (the effective date of Public Act  
11 100-23), those amounts required under this subsection (b) to  
12 be transferred by the Treasurer into the Local Government  
13 Distributive Fund from the General Revenue Fund shall be  
14 directly deposited into the Local Government Distributive Fund  
15 as the revenue is realized from the tax imposed by subsections  
16 (a) and (b) of Section 201 of this Act.

17 For State fiscal year 2020 only, notwithstanding any  
18 provision of law to the contrary, the total amount of revenue  
19 and deposits under this Section attributable to revenues  
20 realized during State fiscal year 2020 shall be reduced by 5%.

21 (c) Deposits Into Income Tax Refund Fund.

22 (1) Beginning on January 1, 1989 and thereafter, the  
23 Department shall deposit a percentage of the amounts  
24 collected pursuant to subsections (a) and (b) (1), (2), and  
25 (3) of Section 201 of this Act into a fund in the State  
26 treasury known as the Income Tax Refund Fund. Beginning

1 with State fiscal year 1990 and for each fiscal year  
2 thereafter, the percentage deposited into the Income Tax  
3 Refund Fund during a fiscal year shall be the Annual  
4 Percentage. For fiscal year 2011, the Annual Percentage  
5 shall be 8.75%. For fiscal year 2012, the Annual  
6 Percentage shall be 8.75%. For fiscal year 2013, the  
7 Annual Percentage shall be 9.75%. For fiscal year 2014,  
8 the Annual Percentage shall be 9.5%. For fiscal year 2015,  
9 the Annual Percentage shall be 10%. For fiscal year 2018,  
10 the Annual Percentage shall be 9.8%. For fiscal year 2019,  
11 the Annual Percentage shall be 9.7%. For fiscal year 2020,  
12 the Annual Percentage shall be 9.5%. For fiscal year 2021,  
13 the Annual Percentage shall be 9%. For all other fiscal  
14 years, the Annual Percentage shall be calculated as a  
15 fraction, the numerator of which shall be the amount of  
16 refunds approved for payment by the Department during the  
17 preceding fiscal year as a result of overpayment of tax  
18 liability under subsections (a) and (b)(1), (2), and (3)  
19 of Section 201 of this Act plus the amount of such refunds  
20 remaining approved but unpaid at the end of the preceding  
21 fiscal year, minus the amounts transferred into the Income  
22 Tax Refund Fund from the Tobacco Settlement Recovery Fund,  
23 and the denominator of which shall be the amounts which  
24 will be collected pursuant to subsections (a) and (b)(1),  
25 (2), and (3) of Section 201 of this Act during the  
26 preceding fiscal year; except that in State fiscal year

1           2002, the Annual Percentage shall in no event exceed 7.6%.  
2           The Director of Revenue shall certify the Annual  
3           Percentage to the Comptroller on the last business day of  
4           the fiscal year immediately preceding the fiscal year for  
5           which it is to be effective.

6           (2) Beginning on January 1, 1989 and thereafter, the  
7           Department shall deposit a percentage of the amounts  
8           collected pursuant to subsections (a) and (b) (6), (7), and  
9           (8), (c) and (d) of Section 201 of this Act into a fund in  
10          the State treasury known as the Income Tax Refund Fund.  
11          Beginning with State fiscal year 1990 and for each fiscal  
12          year thereafter, the percentage deposited into the Income  
13          Tax Refund Fund during a fiscal year shall be the Annual  
14          Percentage. For fiscal year 2011, the Annual Percentage  
15          shall be 17.5%. For fiscal year 2012, the Annual  
16          Percentage shall be 17.5%. For fiscal year 2013, the  
17          Annual Percentage shall be 14%. For fiscal year 2014, the  
18          Annual Percentage shall be 13.4%. For fiscal year 2015,  
19          the Annual Percentage shall be 14%. For fiscal year 2018,  
20          the Annual Percentage shall be 17.5%. For fiscal year  
21          2019, the Annual Percentage shall be 15.5%. For fiscal  
22          year 2020, the Annual Percentage shall be 14.25%. For  
23          fiscal year 2021, the Annual Percentage shall be 14%. For  
24          all other fiscal years, the Annual Percentage shall be  
25          calculated as a fraction, the numerator of which shall be  
26          the amount of refunds approved for payment by the

1 Department during the preceding fiscal year as a result of  
2 overpayment of tax liability under subsections (a) and  
3 (b) (6), (7), and (8), (c) and (d) of Section 201 of this  
4 Act plus the amount of such refunds remaining approved but  
5 unpaid at the end of the preceding fiscal year, and the  
6 denominator of which shall be the amounts which will be  
7 collected pursuant to subsections (a) and (b) (6), (7), and  
8 (8), (c) and (d) of Section 201 of this Act during the  
9 preceding fiscal year; except that in State fiscal year  
10 2002, the Annual Percentage shall in no event exceed 23%.  
11 The Director of Revenue shall certify the Annual  
12 Percentage to the Comptroller on the last business day of  
13 the fiscal year immediately preceding the fiscal year for  
14 which it is to be effective.

15 (3) The Comptroller shall order transferred and the  
16 Treasurer shall transfer from the Tobacco Settlement  
17 Recovery Fund to the Income Tax Refund Fund (i)  
18 \$35,000,000 in January, 2001, (ii) \$35,000,000 in January,  
19 2002, and (iii) \$35,000,000 in January, 2003.

20 (d) Expenditures from Income Tax Refund Fund.

21 (1) Beginning January 1, 1989, money in the Income Tax  
22 Refund Fund shall be expended exclusively for the purpose  
23 of paying refunds resulting from overpayment of tax  
24 liability under Section 201 of this Act and for making  
25 transfers pursuant to this subsection (d).

26 (2) The Director shall order payment of refunds

1 resulting from overpayment of tax liability under Section  
2 201 of this Act from the Income Tax Refund Fund only to the  
3 extent that amounts collected pursuant to Section 201 of  
4 this Act and transfers pursuant to this subsection (d) and  
5 item (3) of subsection (c) have been deposited and  
6 retained in the Fund.

7 (3) As soon as possible after the end of each fiscal  
8 year, the Director shall order transferred and the State  
9 Treasurer and State Comptroller shall transfer from the  
10 Income Tax Refund Fund to the Personal Property Tax  
11 Replacement Fund an amount, certified by the Director to  
12 the Comptroller, equal to the excess of the amount  
13 collected pursuant to subsections (c) and (d) of Section  
14 201 of this Act deposited into the Income Tax Refund Fund  
15 during the fiscal year over the amount of refunds  
16 resulting from overpayment of tax liability under  
17 subsections (c) and (d) of Section 201 of this Act paid  
18 from the Income Tax Refund Fund during the fiscal year.

19 (4) As soon as possible after the end of each fiscal  
20 year, the Director shall order transferred and the State  
21 Treasurer and State Comptroller shall transfer from the  
22 Personal Property Tax Replacement Fund to the Income Tax  
23 Refund Fund an amount, certified by the Director to the  
24 Comptroller, equal to the excess of the amount of refunds  
25 resulting from overpayment of tax liability under  
26 subsections (c) and (d) of Section 201 of this Act paid

1 from the Income Tax Refund Fund during the fiscal year  
2 over the amount collected pursuant to subsections (c) and  
3 (d) of Section 201 of this Act deposited into the Income  
4 Tax Refund Fund during the fiscal year.

5 (4.5) As soon as possible after the end of fiscal year  
6 1999 and of each fiscal year thereafter, the Director  
7 shall order transferred and the State Treasurer and State  
8 Comptroller shall transfer from the Income Tax Refund Fund  
9 to the General Revenue Fund any surplus remaining in the  
10 Income Tax Refund Fund as of the end of such fiscal year;  
11 excluding for fiscal years 2000, 2001, and 2002 amounts  
12 attributable to transfers under item (3) of subsection (c)  
13 less refunds resulting from the earned income tax credit.

14 (5) This Act shall constitute an irrevocable and  
15 continuing appropriation from the Income Tax Refund Fund  
16 for the purpose of paying refunds upon the order of the  
17 Director in accordance with the provisions of this  
18 Section.

19 (e) Deposits into the Education Assistance Fund and the  
20 Income Tax Surcharge Local Government Distributive Fund. On  
21 July 1, 1991, and thereafter, of the amounts collected  
22 pursuant to subsections (a) and (b) of Section 201 of this Act,  
23 minus deposits into the Income Tax Refund Fund, the Department  
24 shall deposit 7.3% into the Education Assistance Fund in the  
25 State Treasury. Beginning July 1, 1991, and continuing through  
26 January 31, 1993, of the amounts collected pursuant to



1 subsections (a) and (b) of Section 201 of the Illinois Income  
2 Tax Act, minus deposits into the Income Tax Refund Fund, the  
3 Department shall deposit 3.0% into the Income Tax Surcharge  
4 Local Government Distributive Fund in the State Treasury.  
5 Beginning February 1, 1993 and continuing through June 30,  
6 1993, of the amounts collected pursuant to subsections (a) and  
7 (b) of Section 201 of the Illinois Income Tax Act, minus  
8 deposits into the Income Tax Refund Fund, the Department shall  
9 deposit 4.4% into the Income Tax Surcharge Local Government  
10 Distributive Fund in the State Treasury. Beginning July 1,  
11 1993, and continuing through June 30, 1994, of the amounts  
12 collected under subsections (a) and (b) of Section 201 of this  
13 Act, minus deposits into the Income Tax Refund Fund, the  
14 Department shall deposit 1.475% into the Income Tax Surcharge  
15 Local Government Distributive Fund in the State Treasury.

16 (f) Deposits into the Fund for the Advancement of  
17 Education. Beginning February 1, 2015, the Department shall  
18 deposit the following portions of the revenue realized from  
19 the tax imposed upon individuals, trusts, and estates by  
20 subsections (a) and (b) of Section 201 of this Act, minus  
21 deposits into the Income Tax Refund Fund, into the Fund for the  
22 Advancement of Education:

23 (1) beginning February 1, 2015, and prior to February  
24 1, 2025, 1/30; and

25 (2) beginning February 1, 2025, 1/26.

26 If the rate of tax imposed by subsection (a) and (b) of

1 Section 201 is reduced pursuant to Section 201.5 of this Act,  
2 the Department shall not make the deposits required by this  
3 subsection (f) on or after the effective date of the  
4 reduction.

5 (g) Deposits into the Commitment to Human Services Fund.  
6 Beginning February 1, 2015, the Department shall deposit the  
7 following portions of the revenue realized from the tax  
8 imposed upon individuals, trusts, and estates by subsections  
9 (a) and (b) of Section 201 of this Act, minus deposits into the  
10 Income Tax Refund Fund, into the Commitment to Human Services  
11 Fund:

12 (1) beginning February 1, 2015, and prior to February  
13 1, 2025, 1/30; and

14 (2) beginning February 1, 2025, 1/26.

15 If the rate of tax imposed by subsection (a) and (b) of  
16 Section 201 is reduced pursuant to Section 201.5 of this Act,  
17 the Department shall not make the deposits required by this  
18 subsection (g) on or after the effective date of the  
19 reduction.

20 (h) Deposits into the Tax Compliance and Administration  
21 Fund. Beginning on the first day of the first calendar month to  
22 occur on or after August 26, 2014 (the effective date of Public  
23 Act 98-1098), each month the Department shall pay into the Tax  
24 Compliance and Administration Fund, to be used, subject to  
25 appropriation, to fund additional auditors and compliance  
26 personnel at the Department, an amount equal to 1/12 of 5% of

1 the cash receipts collected during the preceding fiscal year  
2 by the Audit Bureau of the Department from the tax imposed by  
3 subsections (a), (b), (c), and (d) of Section 201 of this Act,  
4 net of deposits into the Income Tax Refund Fund made from those  
5 cash receipts.

6 (Source: P.A. 100-22, eff. 7-6-17; 100-23, eff. 7-6-17;  
7 100-587, eff. 6-4-18; 100-621, eff. 7-20-18; 100-863, eff.  
8 8-14-18; 100-1171, eff. 1-4-19; 101-8, see Section 99 for  
9 effective date; 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;  
10 101-636, eff. 6-10-20.)

11 Section 20. The Illinois Municipal Code is amended by  
12 changing Sections 8-12-3, 8-12-4, 8-12-10, 8-12-18, and  
13 8-12-24 as follows:

14 (65 ILCS 5/8-12-3) (from Ch. 24, par. 8-12-3)

15 Sec. 8-12-3. As used in this Division:

16 (1) "Authority" means the "(Name of Financially Distressed  
17 City) Financial Advisory Authority".

18 (2) "Financially distressed city" means any municipality  
19 which: ~~is a home rule unit and which~~ (i) is a home rule unit  
20 certified by the Department of Revenue as being in the highest  
21 5% of all home rule municipalities in terms of the aggregate of  
22 the rate per cent of all taxes levied pursuant to statute or  
23 ordinance upon all taxable property of the municipality and as  
24 being in the lowest 5% of all home rule municipalities in terms

1 of per capita tax yield, or is a non-home rule unit certified  
2 by the Department of Revenue as being in the highest 5% of all  
3 non-home rule municipalities in terms of the aggregate of the  
4 rate per cent of all taxes levied pursuant to statute or  
5 ordinance upon all taxable property of the municipality and as  
6 being in the lowest 5% of all non-home rule municipalities in  
7 terms of per capita tax yield; and (ii) is designated by joint  
8 resolution of the General Assembly as a financially distressed  
9 city.

10 (3) "Home rule municipality" means a municipality which is  
11 a home rule unit as provided in Section 6 of Article VII of the  
12 Illinois Constitution.

13 (4) "Budget" means an annual appropriation ordinance or  
14 annual budget as described in Division 2 of Article 8, as from  
15 time to time in effect in the financially distressed city.

16 (5) "Chairperson" means the chairperson of the Authority  
17 appointed pursuant to Section 8-12-7.

18 (6) "Financial Plan" means the financially distressed  
19 city's financial plan as developed pursuant to Section  
20 8-12-15, as from time to time in effect.

21 (7) "Fiscal year" means the fiscal year of the financially  
22 distressed city.

23 (8) "Obligations" means bonds, notes or other evidence of  
24 indebtedness issued by the Illinois Finance Authority in  
25 connection with the provision of financial aid to a  
26 financially distressed city pursuant to this Division and

1 applicable provisions of the Illinois Finance Authority Act.

2 (Source: P.A. 93-205, eff. 1-1-04.)

3 (65 ILCS 5/8-12-4) (from Ch. 24, par. 8-12-4)

4 Sec. 8-12-4. In order to receive assistance as provided in  
5 this Division, a ~~home-rule~~ municipality shall first, by  
6 ordinance passed by its corporate authorities, request (i)  
7 that the Department of Revenue certify that it is in the  
8 highest 5% of all home rule or non-home rule municipalities,  
9 respectively, in terms of the aggregate of the rate per cent of  
10 all taxes levied pursuant to statute or ordinance upon all  
11 taxable property of the municipality and in the lowest 5% of  
12 all home rule or non-home rule municipalities, respectively,  
13 in terms of per capita tax yield, and (ii) that the General  
14 Assembly by joint resolution designate it as a financially  
15 distressed city. A ~~home-rule~~ municipality which is so  
16 certified and designated as a financially distressed city and  
17 which desires to receive assistance as provided in this  
18 Division shall, by ordinance passed by its corporate  
19 authorities, request that a financial advisory authority be  
20 appointed for the municipality and that the municipality city  
21 ~~and that the city~~ receive assistance as provided in this  
22 Division, and shall file a certified copy of that ordinance  
23 with the Governor, with the Clerk of the House of  
24 Representatives and with the Secretary of the Senate. Upon the  
25 filing of the certified copies of that ordinance as required

1 by this Section this Division and all of its provisions shall  
2 then and thereafter be applicable to the financially  
3 distressed city, shall govern and control its financial  
4 accounting, budgeting and taxing procedures and practices,  
5 and, subject to the limitations of subsection (a) of Section  
6 8-12-22, shall remain in full force and effect with respect  
7 thereto until such time as the financial advisory authority  
8 established under Section 8-12-5 is abolished as provided in  
9 subsection (c) of Section 8-12-22.

10 (Source: P.A. 86-1211.)

11 (65 ILCS 5/8-12-10) (from Ch. 24, par. 8-12-10)

12 Sec. 8-12-10. Any State agency or unit of local  
13 government, within its respective function, may render such  
14 services and technical assistance to the Authority as the  
15 Authority may request. Upon the Authority's request any such  
16 agency or unit of local government may transfer to the  
17 Authority such officers and employees as the Authority and any  
18 such agency or unit of local government deem necessary to  
19 carry out the Authority's functions and duties. Officers and  
20 employees so transferred shall not lose or forfeit their  
21 employment status or rights.

22 (Source: P.A. 86-1211.)

23 (65 ILCS 5/8-12-18) (from Ch. 24, par. 8-12-18)

24 Sec. 8-12-18. (a) The financially distressed city shall

1 meet its debt service obligations as they become due. No other  
2 expenditure shall be made by the city unless it is consistent  
3 with the Financial Plan and Budget in effect. The State shall  
4 not reduce revenues or impose additional costs affecting the  
5 financially distressed city, including, but not limited to,  
6 the revenue offsets authorized under Sections 3-125, 4-118, or  
7 7-172.1 of the Illinois Pension Code or deductions from  
8 warrants under Section 10.05 of the State Comptroller Act  
9 unless it is consistent with the Financial Plan and Budget in  
10 effect. This subsection does not limit the Department of  
11 Revenue's authority to reduce revenues to correct an error.

12 (b) State mandates enacted while a municipality is  
13 designated as a financially distressed city that would cause  
14 the municipality to incur additional costs are not valid or  
15 enforceable against the municipality during the period when  
16 the municipality is under the financially distressed city  
17 designation.

18 (Source: P.A. 86-1211.)

19 (65 ILCS 5/8-12-24) (from Ch. 24, par. 8-12-24)

20 Sec. 8-12-24. A municipality ~~home rule unit~~ which is a  
21 financially distressed city to which this Division is  
22 applicable as provided in Section 8-12-4 may not employ  
23 financial or fiscal accounting or budgetary procedures or  
24 systems, nor place into effect any Financial Plan or Budget,  
25 nor enter into any contract or make any expenditure, nor

1 otherwise conduct its financial and fiscal affairs or take  
2 other action in a manner inconsistent with the provisions of  
3 this Division, until such time as the powers and  
4 responsibilities of the Authority are terminated as provided  
5 in Section 8-12-22. This Section is a limitation under  
6 subsection (i) of Section 6 of Article VII of the Illinois  
7 Constitution on the concurrent exercise by home rule units  
8 which are financially distressed cities to which this Division  
9 is applicable as provided in Section 8-12-4 of powers and  
10 functions exercised by the State.

11 (Source: P.A. 86-1211.)

12 Section 99. Effective date. This Act takes effect January  
13 1, 2022.



1	INDEX	
2	Statutes amended in order of appearance	
3	30 ILCS 105/5.935 new	
4	30 ILCS 115/2	from Ch. 85, par. 612
5	35 ILCS 5/901	
6	65 ILCS 5/8-12-3	from Ch. 24, par. 8-12-3
7	65 ILCS 5/8-12-4	from Ch. 24, par. 8-12-4
8	65 ILCS 5/8-12-10	from Ch. 24, par. 8-12-10
9	65 ILCS 5/8-12-18	from Ch. 24, par. 8-12-18
10	65 ILCS 5/8-12-24	from Ch. 24, par. 8-12-24