

SB3834



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB3834

Introduced 1/21/2022, by Sen. Chapin Rose

SYNOPSIS AS INTRODUCED:

20 ILCS 655/5.5

from Ch. 67 1/2, par. 609.1

35 ILCS 5/201

220 ILCS 5/9-222.1A

Amends the Illinois Enterprise Zone Act. Provides that certain businesses that are engaged in manufacturing, processing, assembling, warehousing, or distributing products may be certified as high impact businesses. Amends the Illinois Income Tax Act and the Public Utilities Act to make conforming changes. Effective immediately.

LRB102 22879 HLH 32030 b

A BILL FOR

1 AN ACT concerning State government.

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

4 Section 5. The Illinois Enterprise Zone Act is amended by
5 changing Section 5.5 as follows:

6 (20 ILCS 655/5.5) (from Ch. 67 1/2, par. 609.1)

7 Sec. 5.5. High Impact Business.

8 (a) In order to respond to unique opportunities to assist
9 in the encouragement, development, growth, and expansion of
10 the private sector through large scale investment and
11 development projects, the Department is authorized to receive
12 and approve applications for the designation of "High Impact
13 Businesses" in Illinois subject to the following conditions:

14 (1) such applications may be submitted at any time
15 during the year;

16 (2) such business is not located, at the time of
17 designation, in an enterprise zone designated pursuant to
18 this Act;

19 (3) the business intends to do one or more of the
20 following:

21 (A) the business intends to make a minimum
22 investment of \$12,000,000 which will be placed in
23 service in qualified property and intends to create

1 500 full-time equivalent jobs at a designated location
2 in Illinois or intends to make a minimum investment of
3 \$30,000,000 which will be placed in service in
4 qualified property and intends to retain 1,500
5 full-time retained jobs at a designated location in
6 Illinois. The business must certify in writing that
7 the investments would not be placed in service in
8 qualified property and the job creation or job
9 retention would not occur without the tax credits and
10 exemptions set forth in subsection (b) of this
11 Section. The terms "placed in service" and "qualified
12 property" have the same meanings as described in
13 subsection (h) of Section 201 of the Illinois Income
14 Tax Act; or

15 (B) the business intends to establish a new
16 electric generating facility at a designated location
17 in Illinois. "New electric generating facility", for
18 purposes of this Section, means a newly constructed
19 ~~newly constructed~~ electric generation plant or a newly
20 constructed ~~newly constructed~~ generation capacity
21 expansion at an existing electric generation plant,
22 including the transmission lines and associated
23 equipment that transfers electricity from points of
24 supply to points of delivery, and for which such new
25 foundation construction commenced not sooner than July
26 1, 2001. Such facility shall be designed to provide

1 baseload electric generation and shall operate on a
2 continuous basis throughout the year; and (i) shall
3 have an aggregate rated generating capacity of at
4 least 1,000 megawatts for all new units at one site if
5 it uses natural gas as its primary fuel and foundation
6 construction of the facility is commenced on or before
7 December 31, 2004, or shall have an aggregate rated
8 generating capacity of at least 400 megawatts for all
9 new units at one site if it uses coal or gases derived
10 from coal as its primary fuel and shall support the
11 creation of at least 150 new Illinois coal mining
12 jobs, or (ii) shall be funded through a federal
13 Department of Energy grant before December 31, 2010
14 and shall support the creation of Illinois coal-mining
15 jobs, or (iii) shall use coal gasification or
16 integrated gasification-combined cycle units that
17 generate electricity or chemicals, or both, and shall
18 support the creation of Illinois coal-mining jobs. The
19 business must certify in writing that the investments
20 necessary to establish a new electric generating
21 facility would not be placed in service and the job
22 creation in the case of a coal-fueled plant would not
23 occur without the tax credits and exemptions set forth
24 in subsection (b-5) of this Section. The term "placed
25 in service" has the same meaning as described in
26 subsection (h) of Section 201 of the Illinois Income

1 Tax Act; or

2 (B-5) the business intends to establish a new
3 gasification facility at a designated location in
4 Illinois. As used in this Section, "new gasification
5 facility" means a newly constructed coal gasification
6 facility that generates chemical feedstocks or
7 transportation fuels derived from coal (which may
8 include, but are not limited to, methane, methanol,
9 and nitrogen fertilizer), that supports the creation
10 or retention of Illinois coal-mining jobs, and that
11 qualifies for financial assistance from the Department
12 before December 31, 2010. A new gasification facility
13 does not include a pilot project located within
14 Jefferson County or within a county adjacent to
15 Jefferson County for synthetic natural gas from coal;
16 or

17 (C) the business intends to establish production
18 operations at a new coal mine, re-establish production
19 operations at a closed coal mine, or expand production
20 at an existing coal mine at a designated location in
21 Illinois not sooner than July 1, 2001; provided that
22 the production operations result in the creation of
23 150 new Illinois coal mining jobs as described in
24 subdivision (a)(3)(B) of this Section, and further
25 provided that the coal extracted from such mine is
26 utilized as the predominant source for a new electric

1 generating facility. The business must certify in
2 writing that the investments necessary to establish a
3 new, expanded, or reopened coal mine would not be
4 placed in service and the job creation would not occur
5 without the tax credits and exemptions set forth in
6 subsection (b-5) of this Section. The term "placed in
7 service" has the same meaning as described in
8 subsection (h) of Section 201 of the Illinois Income
9 Tax Act; or

10 (D) the business intends to construct new
11 transmission facilities or upgrade existing
12 transmission facilities at designated locations in
13 Illinois, for which construction commenced not sooner
14 than July 1, 2001. For the purposes of this Section,
15 "transmission facilities" means transmission lines
16 with a voltage rating of 115 kilovolts or above,
17 including associated equipment, that transfer
18 electricity from points of supply to points of
19 delivery and that transmit a majority of the
20 electricity generated by a new electric generating
21 facility designated as a High Impact Business in
22 accordance with this Section. The business must
23 certify in writing that the investments necessary to
24 construct new transmission facilities or upgrade
25 existing transmission facilities would not be placed
26 in service without the tax credits and exemptions set

1 forth in subsection (b-5) of this Section. The term
2 "placed in service" has the same meaning as described
3 in subsection (h) of Section 201 of the Illinois
4 Income Tax Act; or

5 (E) the business intends to establish a new wind
6 power facility at a designated location in Illinois.
7 For purposes of this Section, "new wind power
8 facility" means a newly constructed electric
9 generation facility, a newly constructed expansion of
10 an existing electric generation facility, or the
11 replacement of an existing electric generation
12 facility, including the demolition and removal of an
13 electric generation facility irrespective of whether
14 it will be replaced, placed in service or replaced on
15 or after July 1, 2009, that generates electricity
16 using wind energy devices, and such facility shall be
17 deemed to include any permanent structures associated
18 with the electric generation facility and all
19 associated transmission lines, substations, and other
20 equipment related to the generation of electricity
21 from wind energy devices. For purposes of this
22 Section, "wind energy device" means any device, with a
23 nameplate capacity of at least 0.5 megawatts, that is
24 used in the process of converting kinetic energy from
25 the wind to generate electricity; or

26 (E-5) the business intends to establish a new

1 utility-scale solar facility at a designated location
2 in Illinois. For purposes of this Section, "new
3 utility-scale solar power facility" means a newly
4 constructed electric generation facility, or a newly
5 constructed expansion of an existing electric
6 generation facility, placed in service on or after
7 July 1, 2021, that (i) generates electricity using
8 photovoltaic cells and (ii) has a nameplate capacity
9 that is greater than 5,000 kilowatts, and such
10 facility shall be deemed to include all associated
11 transmission lines, substations, energy storage
12 facilities, and other equipment related to the
13 generation and storage of electricity from
14 photovoltaic cells; or

15 (F) the business commits to (i) make a minimum
16 investment of \$500,000,000, which will be placed in
17 service in a qualified property, (ii) create 125
18 full-time equivalent jobs at a designated location in
19 Illinois, (iii) establish a fertilizer plant at a
20 designated location in Illinois that complies with the
21 set-back standards as described in Table 1: Initial
22 Isolation and Protective Action Distances in the 2012
23 Emergency Response Guidebook published by the United
24 States Department of Transportation, (iv) pay a
25 prevailing wage for employees at that location who are
26 engaged in construction activities, and (v) secure an

1 appropriate level of general liability insurance to
2 protect against catastrophic failure of the fertilizer
3 plant or any of its constituent systems; in addition,
4 the business must agree to enter into a construction
5 project labor agreement including provisions
6 establishing wages, benefits, and other compensation
7 for employees performing work under the project labor
8 agreement at that location; for the purposes of this
9 Section, "fertilizer plant" means a newly constructed
10 or upgraded plant utilizing gas used in the production
11 of anhydrous ammonia and downstream nitrogen
12 fertilizer products for resale; for the purposes of
13 this Section, "prevailing wage" means the hourly cash
14 wages plus fringe benefits for training and
15 apprenticeship programs approved by the U.S.
16 Department of Labor, Bureau of Apprenticeship and
17 Training, health and welfare, insurance, vacations and
18 pensions paid generally, in the locality in which the
19 work is being performed, to employees engaged in work
20 of a similar character on public works; this paragraph
21 (F) applies only to businesses that submit an
22 application to the Department within 60 days after
23 July 25, 2013 (the effective date of Public Act
24 98-109); or ~~and~~

25 (G) the business: (i) commits to make a minimum
26 investment of \$20,000,000, which will be placed in

1 service in a qualified facility; (ii) intends to
2 retain at least 500 full-time retained jobs in a
3 qualified county in Illinois; (iii) currently employs,
4 in the qualified facility, the lesser of (A) at least
5 500 full-time equivalent jobs or (B) 10% or more of all
6 private employees employed in a qualified county,
7 according to the latest available Quarterly Census of
8 Employment and Wages data published by the Department
9 of Employment Security; and (iv) is engaged in
10 interstate or intrastate commerce for the purpose of
11 manufacturing, processing, assembling, warehousing, or
12 distributing products. The business must certify in
13 writing that the investments would not be placed in
14 service in qualified property and the job retention
15 would not occur without the tax credits and exemptions
16 set forth in subsection (b) of this Section. For the
17 purposes of this subparagraph (G): "qualified county"
18 means a county that has a population of no more than
19 25,000 inhabitants; and "qualified facility" means
20 tangible property, whether new or used, including
21 buildings and structural components of buildings, used
22 by a business that is engaged in interstate or
23 intrastate commerce for the purpose of manufacturing,
24 processing, assembling, warehousing, or distributing
25 products. This subparagraph (G) applies only to
26 businesses that submit an application to the

1 Department within 12 months after the effective date
2 of this amendatory Act of the 102nd General Assembly;
3 and

4 (4) no later than 90 days after an application is
5 submitted, the Department shall notify the applicant of
6 the Department's determination of the qualification of the
7 proposed High Impact Business under this Section.

8 (b) Businesses designated as High Impact Businesses
9 pursuant to subdivision (a)(3)(A) of this Section shall
10 qualify for the credits and exemptions described in the
11 following Acts: Section 9-222 and Section 9-222.1A of the
12 Public Utilities Act, subsection (h) of Section 201 of the
13 Illinois Income Tax Act, and Section 1d of the Retailers'
14 Occupation Tax Act; provided that these credits and exemptions
15 described in these Acts shall not be authorized until the
16 minimum investments set forth in subdivision (a)(3)(A) of this
17 Section have been placed in service in qualified properties
18 and, in the case of the exemptions described in the Public
19 Utilities Act and Section 1d of the Retailers' Occupation Tax
20 Act, the minimum full-time equivalent jobs or full-time
21 retained jobs set forth in subdivision (a)(3)(A) of this
22 Section have been created or retained. Businesses designated
23 as High Impact Businesses under this Section shall also
24 qualify for the exemption described in Section 51 of the
25 Retailers' Occupation Tax Act. The credit provided in
26 subsection (h) of Section 201 of the Illinois Income Tax Act

1 shall be applicable to investments in qualified property as
2 set forth in subdivision (a) (3) (A) of this Section.

3 (b-5) Businesses designated as High Impact Businesses
4 pursuant to subdivisions (a) (3) (B), (a) (3) (B-5), (a) (3) (C),
5 and (a) (3) (D) of this Section shall qualify for the credits
6 and exemptions described in the following Acts: Section 51 of
7 the Retailers' Occupation Tax Act, Section 9-222 and Section
8 9-222.1A of the Public Utilities Act, and subsection (h) of
9 Section 201 of the Illinois Income Tax Act; however, the
10 credits and exemptions authorized under Section 9-222 and
11 Section 9-222.1A of the Public Utilities Act, and subsection
12 (h) of Section 201 of the Illinois Income Tax Act shall not be
13 authorized until the new electric generating facility, the new
14 gasification facility, the new transmission facility, or the
15 new, expanded, or reopened coal mine is operational, except
16 that a new electric generating facility whose primary fuel
17 source is natural gas is eligible only for the exemption under
18 Section 51 of the Retailers' Occupation Tax Act.

19 (b-6) Businesses designated as High Impact Businesses
20 pursuant to subdivision (a) (3) (E) or (a) (3) (E-5) of this
21 Section shall qualify for the exemptions described in Section
22 51 of the Retailers' Occupation Tax Act; any business so
23 designated as a High Impact Business being, for purposes of
24 this Section, a "Wind Energy Business".

25 (b-7) Beginning on January 1, 2021, businesses designated
26 as High Impact Businesses by the Department shall qualify for

1 the High Impact Business construction jobs credit under
2 subsection (h-5) of Section 201 of the Illinois Income Tax Act
3 if the business meets the criteria set forth in subsection (i)
4 of this Section. The total aggregate amount of credits awarded
5 under the Blue Collar Jobs Act (Article 20 of Public Act 101-9)
6 shall not exceed \$20,000,000 in any State fiscal year.

7 (b-8) Businesses designated as High Impact Businesses
8 pursuant to subparagraph (G) of paragraph (3) of subsection
9 (a) of this Section shall qualify for the credits and
10 exemptions described in the following Acts: Section 9-222 and
11 Section 9-222.1A of the Public Utilities Act, subsection (h)
12 of Section 201 of the Illinois Income Tax Act, and Section 1d
13 of the Retailers' Occupation Tax Act; provided that the
14 credits and exemptions described in these Acts shall not be
15 authorized for those businesses until the minimum investments
16 set forth in subparagraph (G) of paragraph (3) of subsection
17 (a) of this Section have been placed in service in qualified
18 facilities and, in the case of the exemptions described in the
19 Public Utilities Act and Section 1d of the Retailers'
20 Occupation Tax Act, the minimum full-time retained jobs set
21 forth in subparagraph (G) of paragraph (3) of subsection (a)
22 of this Section have been retained. Businesses designated as
23 High Impact Businesses under this Section shall also qualify
24 for the exemption described in Section 51 of the Retailers'
25 Occupation Tax Act. The credit provided in subsection (h) of
26 Section 201 of the Illinois Income Tax Act shall be applicable

1 to investments in qualified property as set forth in
2 subparagraph (G) of paragraph (3) of subsection (a) of this
3 Section.

4 (c) High Impact Businesses located in federally designated
5 foreign trade zones or sub-zones are also eligible for
6 additional credits, exemptions and deductions as described in
7 the following Acts: Section 9-221 and Section 9-222.1 of the
8 Public Utilities Act; and subsection (g) of Section 201, and
9 Section 203 of the Illinois Income Tax Act.

10 (d) Except for businesses contemplated under subdivision
11 (a) (3) (E) or (a) (3) (E-5) of this Section, existing Illinois
12 businesses which apply for designation as a High Impact
13 Business must provide the Department with the prospective plan
14 for which 1,500 full-time retained jobs would be eliminated in
15 the event that the business is not designated.

16 (e) Except for new wind power facilities contemplated
17 under subdivision (a) (3) (E) of this Section, new proposed
18 facilities which apply for designation as High Impact Business
19 must provide the Department with proof of alternative
20 non-Illinois sites which would receive the proposed investment
21 and job creation in the event that the business is not
22 designated as a High Impact Business.

23 (f) Except for businesses contemplated under subdivision
24 (a) (3) (E) of this Section, in the event that a business is
25 designated a High Impact Business and it is later determined
26 after reasonable notice and an opportunity for a hearing as

1 provided under the Illinois Administrative Procedure Act, that
2 the business would have placed in service in qualified
3 property the investments and created or retained the requisite
4 number of jobs without the benefits of the High Impact
5 Business designation, the Department shall be required to
6 immediately revoke the designation and notify the Director of
7 the Department of Revenue who shall begin proceedings to
8 recover all wrongfully exempted State taxes with interest. The
9 business shall also be ineligible for all State funded
10 Department programs for a period of 10 years.

11 (g) The Department shall revoke a High Impact Business
12 designation if the participating business fails to comply with
13 the terms and conditions of the designation.

14 (h) Prior to designating a business, the Department shall
15 provide the members of the General Assembly and Commission on
16 Government Forecasting and Accountability with a report
17 setting forth the terms and conditions of the designation and
18 guarantees that have been received by the Department in
19 relation to the proposed business being designated.

20 (i) High Impact Business construction jobs credit.
21 Beginning on January 1, 2021, a High Impact Business may
22 receive a tax credit against the tax imposed under subsections
23 (a) and (b) of Section 201 of the Illinois Income Tax Act in an
24 amount equal to 50% of the amount of the incremental income tax
25 attributable to High Impact Business construction jobs credit
26 employees employed in the course of completing a High Impact

1 Business construction jobs project. However, the High Impact
2 Business construction jobs credit may equal 75% of the amount
3 of the incremental income tax attributable to High Impact
4 Business construction jobs credit employees if the High Impact
5 Business construction jobs credit project is located in an
6 underserved area.

7 The Department shall certify to the Department of Revenue:

8 (1) the identity of taxpayers that are eligible for the High
9 Impact Business construction jobs credit; and (2) the amount
10 of High Impact Business construction jobs credits that are
11 claimed pursuant to subsection (h-5) of Section 201 of the
12 Illinois Income Tax Act in each taxable year. Any business
13 entity that receives a High Impact Business construction jobs
14 credit shall maintain a certified payroll pursuant to
15 subsection (j) of this Section.

16 As used in this subsection (i):

17 "High Impact Business construction jobs credit" means an
18 amount equal to 50% (or 75% if the High Impact Business
19 construction project is located in an underserved area) of the
20 incremental income tax attributable to High Impact Business
21 construction job employees. The total aggregate amount of
22 credits awarded under the Blue Collar Jobs Act (Article 20 of
23 Public Act 101-9) shall not exceed \$20,000,000 in any State
24 fiscal year

25 "High Impact Business construction job employee" means a
26 laborer or worker who is employed by an Illinois contractor or

1 subcontractor in the actual construction work on the site of a
2 High Impact Business construction job project.

3 "High Impact Business construction jobs project" means
4 building a structure or building or making improvements of any
5 kind to real property, undertaken and commissioned by a
6 business that was designated as a High Impact Business by the
7 Department. The term "High Impact Business construction jobs
8 project" does not include the routine operation, routine
9 repair, or routine maintenance of existing structures,
10 buildings, or real property.

11 "Incremental income tax" means the total amount withheld
12 during the taxable year from the compensation of High Impact
13 Business construction job employees.

14 "Underserved area" means a geographic area that meets one
15 or more of the following conditions:

16 (1) the area has a poverty rate of at least 20%
17 according to the latest American Community Survey;

18 (2) 35% or more of the families with children in the
19 area are living below 130% of the poverty line, according
20 to the latest American Community Survey;

21 (3) at least 20% of the households in the area receive
22 assistance under the Supplemental Nutrition Assistance
23 Program (SNAP); or

24 (4) the area has an average unemployment rate, as
25 determined by the Illinois Department of Employment
26 Security, that is more than 120% of the national

1 unemployment average, as determined by the U.S. Department
2 of Labor, for a period of at least 2 consecutive calendar
3 years preceding the date of the application.

4 (j) Each contractor and subcontractor who is engaged in
5 and executing a High Impact Business Construction jobs
6 project, as defined under subsection (i) of this Section, for
7 a business that is entitled to a credit pursuant to subsection
8 (i) of this Section shall:

9 (1) make and keep, for a period of 5 years from the
10 date of the last payment made on or after June 5, 2019 (the
11 effective date of Public Act 101-9) on a contract or
12 subcontract for a High Impact Business Construction Jobs
13 Project, records for all laborers and other workers
14 employed by the contractor or subcontractor on the
15 project; the records shall include:

16 (A) the worker's name;

17 (B) the worker's address;

18 (C) the worker's telephone number, if available;

19 (D) the worker's social security number;

20 (E) the worker's classification or
21 classifications;

22 (F) the worker's gross and net wages paid in each
23 pay period;

24 (G) the worker's number of hours worked each day;

25 (H) the worker's starting and ending times of work
26 each day;

- 1 (I) the worker's hourly wage rate;
2 (J) the worker's hourly overtime wage rate;
3 (K) the worker's race and ethnicity; and
4 (L) the worker's gender;

5 (2) no later than the 15th day of each calendar month,
6 provide a certified payroll for the immediately preceding
7 month to the taxpayer in charge of the High Impact
8 Business construction jobs project; within 5 business days
9 after receiving the certified payroll, the taxpayer shall
10 file the certified payroll with the Department of Labor
11 and the Department of Commerce and Economic Opportunity; a
12 certified payroll must be filed for only those calendar
13 months during which construction on a High Impact Business
14 construction jobs project has occurred; the certified
15 payroll shall consist of a complete copy of the records
16 identified in paragraph (1) of this subsection (j), but
17 may exclude the starting and ending times of work each
18 day; the certified payroll shall be accompanied by a
19 statement signed by the contractor or subcontractor or an
20 officer, employee, or agent of the contractor or
21 subcontractor which avers that:

22 (A) he or she has examined the certified payroll
23 records required to be submitted by the Act and such
24 records are true and accurate; and

25 (B) the contractor or subcontractor is aware that
26 filing a certified payroll that he or she knows to be

1 false is a Class A misdemeanor.

2 A general contractor is not prohibited from relying on a
3 certified payroll of a lower-tier subcontractor, provided the
4 general contractor does not knowingly rely upon a
5 subcontractor's false certification.

6 Any contractor or subcontractor subject to this
7 subsection, and any officer, employee, or agent of such
8 contractor or subcontractor whose duty as an officer,
9 employee, or agent it is to file a certified payroll under this
10 subsection, who willfully fails to file such a certified
11 payroll on or before the date such certified payroll is
12 required by this paragraph to be filed and any person who
13 willfully files a false certified payroll that is false as to
14 any material fact is in violation of this Act and guilty of a
15 Class A misdemeanor.

16 The taxpayer in charge of the project shall keep the
17 records submitted in accordance with this subsection on or
18 after June 5, 2019 (the effective date of Public Act 101-9) for
19 a period of 5 years from the date of the last payment for work
20 on a contract or subcontract for the High Impact Business
21 construction jobs project.

22 The records submitted in accordance with this subsection
23 shall be considered public records, except an employee's
24 address, telephone number, and social security number, and
25 made available in accordance with the Freedom of Information
26 Act. The Department of Labor shall share the information with

1 the Department in order to comply with the awarding of a High
2 Impact Business construction jobs credit. A contractor,
3 subcontractor, or public body may retain records required
4 under this Section in paper or electronic format.

5 (k) Upon 7 business days' notice, each contractor and
6 subcontractor shall make available for inspection and copying
7 at a location within this State during reasonable hours, the
8 records identified in this subsection (j) to the taxpayer in
9 charge of the High Impact Business construction jobs project,
10 its officers and agents, the Director of the Department of
11 Labor and his or her deputies and agents, and to federal,
12 State, or local law enforcement agencies and prosecutors.

13 (Source: P.A. 101-9, eff. 6-5-19; 102-108, eff. 1-1-22;
14 102-558, eff. 8-20-21; 102-605, eff. 8-27-21; 102-662, eff.
15 9-15-21; 102-673, eff. 11-30-21; revised 12-8-21.)

16 Section 10. The Illinois Income Tax Act is amended by
17 changing Section 201 as follows:

18 (35 ILCS 5/201)

19 Sec. 201. Tax imposed.

20 (a) In general. A tax measured by net income is hereby
21 imposed on every individual, corporation, trust and estate for
22 each taxable year ending after July 31, 1969 on the privilege
23 of earning or receiving income in or as a resident of this
24 State. Such tax shall be in addition to all other occupation or

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

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

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

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

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

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

1 December 31, 2010, as calculated under Section 202.5.

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

6 (5.1) In the case of an individual, trust, or estate,
7 for taxable years beginning prior to January 1, 2015, and
8 ending after December 31, 2014, an amount equal to the sum
9 of (i) 5% of the taxpayer's net income for the period prior
10 to January 1, 2015, as calculated under Section 202.5, and
11 (ii) 3.75% of the taxpayer's net income for the period
12 after December 31, 2014, as calculated under Section
13 202.5.

14 (5.2) In the case of an individual, trust, or estate,
15 for taxable years beginning on or after January 1, 2015,
16 and ending prior to July 1, 2017, an amount equal to 3.75%
17 of the taxpayer's net income for the taxable year.

18 (5.3) In the case of an individual, trust, or estate,
19 for taxable years beginning prior to July 1, 2017, and
20 ending after June 30, 2017, an amount equal to the sum of
21 (i) 3.75% of the taxpayer's net income for the period
22 prior to July 1, 2017, as calculated under Section 202.5,
23 and (ii) 4.95% of the taxpayer's net income for the period
24 after June 30, 2017, as calculated under Section 202.5.

25 (5.4) In the case of an individual, trust, or estate,
26 for taxable years beginning on or after July 1, 2017, an

1 amount equal to 4.95% of the taxpayer's net income for the
2 taxable year.

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

6 (7) In the case of a corporation, for taxable years
7 beginning prior to July 1, 1989 and ending after June 30,
8 1989, an amount equal to the sum of (i) 4% of the
9 taxpayer's net income for the period prior to July 1,
10 1989, as calculated under Section 202.3, and (ii) 4.8% of
11 the taxpayer's net income for the period after June 30,
12 1989, as calculated under Section 202.3.

13 (8) In the case of a corporation, for taxable years
14 beginning after June 30, 1989, and ending prior to January
15 1, 2011, an amount equal to 4.8% of the taxpayer's net
16 income for the taxable year.

17 (9) In the case of a corporation, for taxable years
18 beginning prior to January 1, 2011, and ending after
19 December 31, 2010, an amount equal to the sum of (i) 4.8%
20 of the taxpayer's net income for the period prior to
21 January 1, 2011, as calculated under Section 202.5, and
22 (ii) 7% of the taxpayer's net income for the period after
23 December 31, 2010, as calculated under Section 202.5.

24 (10) In the case of a corporation, for taxable years
25 beginning on or after January 1, 2011, and ending prior to
26 January 1, 2015, an amount equal to 7% of the taxpayer's

1 net income for the taxable year.

2 (11) In the case of a corporation, for taxable years
3 beginning prior to January 1, 2015, and ending after
4 December 31, 2014, an amount equal to the sum of (i) 7% of
5 the taxpayer's net income for the period prior to January
6 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
7 of the taxpayer's net income for the period after December
8 31, 2014, as calculated under Section 202.5.

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

13 (13) In the case of a corporation, for taxable years
14 beginning prior to July 1, 2017, and ending after June 30,
15 2017, an amount equal to the sum of (i) 5.25% of the
16 taxpayer's net income for the period prior to July 1,
17 2017, as calculated under Section 202.5, and (ii) 7% of
18 the taxpayer's net income for the period after June 30,
19 2017, as calculated under Section 202.5.

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

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

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

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

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

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

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

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

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

26 (E) the acquisition of a controlling interest in

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

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

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

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

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

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

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

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

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

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

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

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

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

1 of all credits allowed under this Act, plus

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (f);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (g) (Blank).

9 (h) Investment credit; High Impact Business.

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

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

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

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

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

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

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

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

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

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

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

25 (6) If during any taxable year ending on or before
26 December 31, 1996, any property ceases to be qualified

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

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

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

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

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

25 The total aggregate amount of credits awarded under the
26 Blue Collar Jobs Act (Article 20 of Public Act 101-9) shall not

1 exceed \$20,000,000 in any State fiscal year.

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

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

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

1 subsection shall be applied first.

2 If, during any taxable year ending on or after December
3 31, 1986, the tax imposed by subsections (c) and (d) of this
4 Section for which a taxpayer has claimed a credit under this
5 subsection (i) is reduced, the amount of credit for such tax
6 shall also be reduced. Such reduction shall be determined by
7 recomputing the credit to take into account the reduced tax
8 imposed by subsections (c) and (d). If any portion of the
9 reduced amount of credit has been carried to a different
10 taxable year, an amended return shall be filed for such
11 taxable year to reduce the amount of credit claimed.

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

1 there shall be allowed a credit under this subsection (j) to be
2 determined in accordance with the determination of income and
3 distributive share of income under Sections 702 and 704 and
4 subchapter S of the Internal Revenue Code.

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

15 (k) Research and development credit. For tax years ending
16 after July 1, 1990 and prior to December 31, 2003, and
17 beginning again for tax years ending on or after December 31,
18 2004, and ending prior to January 1, 2027, a taxpayer shall be
19 allowed a credit against the tax imposed by subsections (a)
20 and (b) of this Section for increasing research activities in
21 this State. The credit allowed against the tax imposed by
22 subsections (a) and (b) shall be equal to 6 1/2% of the
23 qualifying expenditures for increasing research activities in
24 this State. For partners, shareholders of subchapter S
25 corporations, and owners of limited liability companies, if
26 the liability company is treated as a partnership for purposes

1 of federal and State income taxation, there shall be allowed a
2 credit under this subsection to be determined in accordance
3 with the determination of income and distributive share of
4 income under Sections 702 and 704 and subchapter S of the
5 Internal Revenue Code.

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

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

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

13 No inference shall be drawn from Public Act 91-644 in
14 construing this Section for taxable years beginning before
15 January 1, 1999.

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

25 (1) Environmental Remediation Tax Credit.

26 (i) For tax years ending after December 31, 1997 and

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

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

21 (ii) A credit allowed under this subsection that is
22 unused in the year the credit is earned may be carried
23 forward to each of the 5 taxable years following the year
24 for which the credit is first earned until it is used. The
25 term "unused credit" does not include any amounts of
26 unreimbursed eligible remediation costs in excess of the

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

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

24 (m) Education expense credit. Beginning with tax years
25 ending after December 31, 1999, a taxpayer who is the
26 custodian of one or more qualifying pupils shall be allowed a

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

18 For purposes of this subsection:

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

26 "Qualified education expense" means the amount incurred on

1 behalf of a qualifying pupil in excess of \$250 for tuition,
2 book fees, and lab fees at the school in which the pupil is
3 enrolled during the regular school year.

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

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

14 (n) River Edge Redevelopment Zone site remediation tax
15 credit.

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

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

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

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

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

25 (o) For each of taxable years during the Compassionate Use
26 of Medical Cannabis Program, a surcharge is imposed on all

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

9 (1) the medical cannabis cultivation center
10 registration, medical cannabis dispensary registration, or
11 the property of a registration is transferred as a result
12 of any of the following:

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

17 (B) cancellation, revocation, or termination of
18 any registration by the Illinois Department of Public
19 Health;

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

25 (D) the death of an owner of the equity interest in
26 a registrant;

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

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

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

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

17 (p) Pass-through entity tax.

18 (1) For taxable years ending on or after December 31,
19 2021 and beginning prior to January 1, 2026, a partnership
20 (other than a publicly traded partnership under Section
21 7704 of the Internal Revenue Code) or Subchapter S
22 corporation may elect to apply the provisions of this
23 subsection. A separate election shall be made for each
24 taxable year. Such election shall be made at such time,
25 and in such form and manner as prescribed by the
26 Department, and, once made, is irrevocable.

1 (2) Entity-level tax. A partnership or Subchapter S
2 corporation electing to apply the provisions of this
3 subsection shall be subject to a tax for the privilege of
4 earning or receiving income in this State in an amount
5 equal to 4.95% of the taxpayer's net income for the
6 taxable year.

7 (3) Net income defined.

8 (A) In general. For purposes of paragraph (2), the
9 term net income has the same meaning as defined in
10 Section 202 of this Act, except that the following
11 provisions shall not apply:

12 (i) the standard exemption allowed under
13 Section 204;

14 (ii) the deduction for net losses allowed
15 under Section 207;

16 (iii) in the case of an S corporation, the
17 modification under Section 203(b)(2)(S); and

18 (iv) in the case of a partnership, the
19 modifications under Section 203(d)(2)(H) and
20 Section 203(d)(2)(I).

21 (B) Special rule for tiered partnerships. If a
22 taxpayer making the election under paragraph (1) is a
23 partner of another taxpayer making the election under
24 paragraph (1), net income shall be computed as
25 provided in subparagraph (A), except that the taxpayer
26 shall subtract its distributive share of the net

1 income of the electing partnership (including its
2 distributive share of the net income of the electing
3 partnership derived as a distributive share from
4 electing partnerships in which it is a partner).

5 (4) Credit for entity level tax. Each partner or
6 shareholder of a taxpayer making the election under this
7 Section shall be allowed a credit against the tax imposed
8 under subsections (a) and (b) of Section 201 of this Act
9 for the taxable year of the partnership or Subchapter S
10 corporation for which an election is in effect ending
11 within or with the taxable year of the partner or
12 shareholder in an amount equal to 4.95% times the partner
13 or shareholder's distributive share of the net income of
14 the electing partnership or Subchapter S corporation, but
15 not to exceed the partner's or shareholder's share of the
16 tax imposed under paragraph (1) which is actually paid by
17 the partnership or Subchapter S corporation. If the
18 taxpayer is a partnership or Subchapter S corporation that
19 is itself a partner of a partnership making the election
20 under paragraph (1), the credit under this paragraph shall
21 be allowed to the taxpayer's partners or shareholders (or
22 if the partner is a partnership or Subchapter S
23 corporation then its partners or shareholders) in
24 accordance with the determination of income and
25 distributive share of income under Sections 702 and 704
26 and Subchapter S of the Internal Revenue Code. If the

1 amount of the credit allowed under this paragraph exceeds
2 the partner's or shareholder's liability for tax imposed
3 under subsections (a) and (b) of Section 201 of this Act
4 for the taxable year, such excess shall be treated as an
5 overpayment for purposes of Section 909 of this Act.

6 (5) Nonresidents. A nonresident individual who is a
7 partner or shareholder of a partnership or Subchapter S
8 corporation for a taxable year for which an election is in
9 effect under paragraph (1) shall not be required to file
10 an income tax return under this Act for such taxable year
11 if the only source of net income of the individual (or the
12 individual and the individual's spouse in the case of a
13 joint return) is from an entity making the election under
14 paragraph (1) and the credit allowed to the partner or
15 shareholder under paragraph (4) equals or exceeds the
16 individual's liability for the tax imposed under
17 subsections (a) and (b) of Section 201 of this Act for the
18 taxable year.

19 (6) Liability for tax. Except as provided in this
20 paragraph, a partnership or Subchapter S making the
21 election under paragraph (1) is liable for the
22 entity-level tax imposed under paragraph (2). If the
23 electing partnership or corporation fails to pay the full
24 amount of tax deemed assessed under paragraph (2), the
25 partners or shareholders shall be liable to pay the tax
26 assessed (including penalties and interest). Each partner

1 or shareholder shall be liable for the unpaid assessment
2 based on the ratio of the partner's or shareholder's share
3 of the net income of the partnership over the total net
4 income of the partnership. If the partnership or
5 Subchapter S corporation fails to pay the tax assessed
6 (including penalties and interest) and thereafter an
7 amount of such tax is paid by the partners or
8 shareholders, such amount shall not be collected from the
9 partnership or corporation.

10 (7) Foreign tax. For purposes of the credit allowed
11 under Section 601(b)(3) of this Act, tax paid by a
12 partnership or Subchapter S corporation to another state
13 which, as determined by the Department, is substantially
14 similar to the tax imposed under this subsection, shall be
15 considered tax paid by the partner or shareholder to the
16 extent that the partner's or shareholder's share of the
17 income of the partnership or Subchapter S corporation
18 allocated and apportioned to such other state bears to the
19 total income of the partnership or Subchapter S
20 corporation allocated or apportioned to such other state.

21 (8) Suspension of withholding. The provisions of
22 Section 709.5 of this Act shall not apply to a partnership
23 or Subchapter S corporation for the taxable year for which
24 an election under paragraph (1) is in effect.

25 (9) Requirement to pay estimated tax. For each taxable
26 year for which an election under paragraph (1) is in

1 effect, a partnership or Subchapter S corporation is
2 required to pay estimated tax for such taxable year under
3 Sections 803 and 804 of this Act if the amount payable as
4 estimated tax can reasonably be expected to exceed \$500.

5 (10) The provisions of this subsection shall apply
6 only with respect to taxable years for which the
7 limitation on individual deductions applies under Section
8 164(b)(6) of the Internal Revenue Code.

9 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;
10 101-207, eff. 8-2-19; 101-363, eff. 8-9-19; 102-558, eff.
11 8-20-21; 102-658, eff. 8-27-21.)

12 Section 15. The Public Utilities Act is amended by
13 changing Section 9-222.1A as follows:

14 (220 ILCS 5/9-222.1A)

15 Sec. 9-222.1A. High impact business. Beginning on August
16 1, 1998 and thereafter, a business enterprise that is
17 certified as a High Impact Business by the Department of
18 Commerce and Economic Opportunity (formerly Department of
19 Commerce and Community Affairs) is exempt from the tax imposed
20 by Section 2-4 of the Electricity Excise Tax Law, if the High
21 Impact Business is registered to self-assess that tax, and is
22 exempt from any additional charges added to the business
23 enterprise's utility bills as a pass-on of State utility taxes
24 under Section 9-222 of this Act, to the extent the tax or

1 charges are exempted by the percentage specified by the
2 Department of Commerce and Economic Opportunity for State
3 utility taxes, provided the business enterprise meets the
4 following criteria:

5 (1) (A) it intends either (i) to make a minimum
6 eligible investment of \$12,000,000 that will be placed
7 in service in qualified property in Illinois and is
8 intended to create at least 500 full-time equivalent
9 jobs at a designated location in Illinois; or (ii) to
10 make a minimum eligible investment of \$30,000,000 that
11 will be placed in service in qualified property in
12 Illinois and is intended to retain at least 1,500
13 full-time equivalent jobs at a designated location in
14 Illinois; or

15 (B) it meets the criteria of subdivision
16 (a) (3) (B), (a) (3) (C), (a) (3) (D), ~~or~~ (a) (3) (F), or
17 (a) (3) (G) of Section 5.5 of the Illinois Enterprise
18 Zone Act;

19 (2) it is designated as a High Impact Business by the
20 Department of Commerce and Economic Opportunity; and

21 (3) it is certified by the Department of Commerce and
22 Economic Opportunity as complying with the requirements
23 specified in clauses (1) and (2) of this Section.

24 The Department of Commerce and Economic Opportunity shall
25 determine the period during which the exemption from the
26 Electricity Excise Tax Law and the charges imposed under

1 Section 9-222 are in effect, which shall not exceed 20 years
2 from the date of initial certification, and shall specify the
3 percentage of the exemption from those taxes or additional
4 charges.

5 The Department of Commerce and Economic Opportunity is
6 authorized to promulgate rules and regulations to carry out
7 the provisions of this Section, including procedures for
8 complying with the requirements specified in clauses (1) and
9 (2) of this Section and procedures for applying for the
10 exemptions authorized under this Section; to define the
11 amounts and types of eligible investments that business
12 enterprises must make in order to receive State utility tax
13 exemptions or exemptions from the additional charges imposed
14 under Section 9-222 and this Section; to approve such utility
15 tax exemptions for business enterprises whose investments are
16 not yet placed in service; and to require that business
17 enterprises granted tax exemptions or exemptions from
18 additional charges under Section 9-222 repay the exempted
19 amount if the business enterprise fails to comply with the
20 terms and conditions of the certification.

21 Upon certification of the business enterprises by the
22 Department of Commerce and Economic Opportunity, the
23 Department of Commerce and Economic Opportunity shall notify
24 the Department of Revenue of the certification. The Department
25 of Revenue shall notify the public utilities of the exemption
26 status of business enterprises from the tax or pass-on charges

1 of State utility taxes. The exemption status shall take effect
2 within 3 months after certification of the business
3 enterprise.

4 (Source: P.A. 98-109, eff. 7-25-13.)

5 Section 99. Effective date. This Act takes effect upon
6 becoming law.