

HB2893



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB2893

Introduced 2/16/2023, by Rep. Jenn Ladisch Douglass

SYNOPSIS AS INTRODUCED:

805 ILCS 5/15.35	from Ch. 32, par. 15.35
805 ILCS 5/15.65	from Ch. 32, par. 15.65

Amends the Business Corporation Act of 1983. Provides that a business with an average employee head count of 49 or fewer employees is exempt from the taxes imposed under the Act.

LRB103 27511 HLH 53886 b

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Business Corporation Act of 1983 is amended
5 by changing Sections 15.35 and 15.65 as follows:

6 (805 ILCS 5/15.35) (from Ch. 32, par. 15.35)

7 (Text of Section from P.A. 102-16)

8 Sec. 15.35. Franchise taxes payable by domestic
9 corporations. For the privilege of exercising its franchises
10 in this State, each domestic corporation shall pay to the
11 Secretary of State the following franchise taxes, computed on
12 the basis, at the rates and for the periods prescribed in this
13 Act:

14 (a) An initial franchise tax at the time of filing its
15 first report of issuance of shares.

16 (b) An additional franchise tax at the time of filing
17 (1) a report of the issuance of additional shares, or (2) a
18 report of an increase in paid-in capital without the
19 issuance of shares, or (3) an amendment to the articles of
20 incorporation or a report of cumulative changes in paid-in
21 capital, whenever any amendment or such report discloses
22 an increase in its paid-in capital over the amount thereof
23 last reported in any document, other than an annual

1 report, interim annual report or final transition annual
2 report required by this Act to be filed in the office of
3 the Secretary of State.

4 (c) An additional franchise tax at the time of filing
5 a report of paid-in capital following a statutory merger
6 or consolidation, which discloses that the paid-in capital
7 of the surviving or new corporation immediately after the
8 merger or consolidation is greater than the sum of the
9 paid-in capital of all of the merged or consolidated
10 corporations as last reported by them in any documents,
11 other than annual reports, required by this Act to be
12 filed in the office of the Secretary of State; and in
13 addition, the surviving or new corporation shall be liable
14 for a further additional franchise tax on the paid-in
15 capital of each of the merged or consolidated corporations
16 as last reported by them in any document, other than an
17 annual report, required by this Act to be filed with the
18 Secretary of State from their taxable year end to the next
19 succeeding anniversary month or, in the case of a
20 corporation which has established an extended filing
21 month, the extended filing month of the surviving or new
22 corporation; however if the taxable year ends within the
23 2-month period immediately preceding the anniversary month
24 or, in the case of a corporation which has established an
25 extended filing month, the extended filing month of the
26 surviving or new corporation the tax will be computed to

1 the anniversary month or, in the case of a corporation
2 which has established an extended filing month, the
3 extended filing month of the surviving or new corporation
4 in the next succeeding calendar year.

5 (d) An annual franchise tax payable each year with the
6 annual report which the corporation is required by this
7 Act to file.

8 On or after January 1, 2020 and prior to January 1, 2021,
9 the first \$30 in liability is exempt from the tax imposed under
10 this Section. On or after January 1, 2021, the first \$1,000 in
11 liability is exempt from the tax imposed under this Section.

12 (e) Notwithstanding any other provision of law, beginning
13 on June 1, 2023, a business with an average employee head count
14 of 49 or fewer employees is exempt from the taxes imposed under
15 this Section.

16 (Source: P.A. 101-9, eff. 6-5-19; 102-16, eff. 6-17-21.)

17 (Text of Section from P.A. 102-282)

18 Sec. 15.35. Franchise taxes payable by domestic
19 corporations. For the privilege of exercising its franchises
20 in this State, each domestic corporation shall pay to the
21 Secretary of State the following franchise taxes, computed on
22 the basis, at the rates and for the periods prescribed in this
23 Act:

24 (a) An initial franchise tax at the time of filing its
25 first report of issuance of shares.

1 (b) An additional franchise tax at the time of filing
2 (1) a report of the issuance of additional shares, or (2) a
3 report of an increase in paid-in capital without the
4 issuance of shares, or (3) an amendment to the articles of
5 incorporation or a report of cumulative changes in paid-in
6 capital, whenever any amendment or such report discloses
7 an increase in its paid-in capital over the amount thereof
8 last reported in any document, other than an annual
9 report, interim annual report or final transition annual
10 report required by this Act to be filed in the office of
11 the Secretary of State.

12 (c) An additional franchise tax at the time of filing
13 a report of paid-in capital following a statutory merger
14 or consolidation, which discloses that the paid-in capital
15 of the surviving or new corporation immediately after the
16 merger or consolidation is greater than the sum of the
17 paid-in capital of all of the merged or consolidated
18 corporations as last reported by them in any documents,
19 other than annual reports, required by this Act to be
20 filed in the office of the Secretary of State; and in
21 addition, the surviving or new corporation shall be liable
22 for a further additional franchise tax on the paid-in
23 capital of each of the merged or consolidated corporations
24 as last reported by them in any document, other than an
25 annual report, required by this Act to be filed with the
26 Secretary of State from their taxable year end to the next

1 succeeding anniversary month or, in the case of a
2 corporation which has established an extended filing
3 month, the extended filing month of the surviving or new
4 corporation; however if the taxable year ends within the
5 2-month period immediately preceding the anniversary month
6 or, in the case of a corporation which has established an
7 extended filing month, the extended filing month of the
8 surviving or new corporation the tax will be computed to
9 the anniversary month or, in the case of a corporation
10 which has established an extended filing month, the
11 extended filing month of the surviving or new corporation
12 in the next succeeding calendar year.

13 (d) An annual franchise tax payable each year with the
14 annual report which the corporation is required by this
15 Act to file.

16 On or after January 1, 2020 and prior to January 1, 2021,
17 the first \$30 in liability is exempt from the tax imposed under
18 this Section. On or after January 1, 2021 and prior to January
19 1, 2022, the first \$1,000 in liability is exempt from the tax
20 imposed under this Section. On or after January 1, 2022 and
21 prior to January 1, 2023, the first \$10,000 in liability is
22 exempt from the tax imposed under this Section. On or after
23 January 1, 2023 and prior to January 1, 2024, the first
24 \$100,000 in liability is exempt from the tax imposed under
25 this Section. The provisions of this Section shall not require
26 the payment of any franchise tax that would otherwise have

1 been due and payable on or after January 1, 2024. There shall
2 be no refunds or proration of franchise tax for any taxes due
3 and payable on or after January 1, 2024 on the basis that a
4 portion of the corporation's taxable year extends beyond
5 January 1, 2024. Public Act 101-9 shall not affect any right
6 accrued or established, or any liability or penalty incurred
7 prior to January 1, 2024.

8 (e) Notwithstanding any other provision of law, beginning
9 on June 1, 2023, a business with an average employee head count
10 of 49 or fewer employees is exempt from the taxes imposed under
11 this Section.

12 This Section is repealed on December 31, 2024.

13 (Source: P.A. 101-9, eff. 6-5-19; 102-282, eff. 1-1-22.)

14 (Text of Section from P.A. 102-558)

15 Sec. 15.35. Franchise taxes payable by domestic
16 corporations. For the privilege of exercising its franchises
17 in this State, each domestic corporation shall pay to the
18 Secretary of State the following franchise taxes, computed on
19 the basis, at the rates and for the periods prescribed in this
20 Act:

21 (a) An initial franchise tax at the time of filing its
22 first report of issuance of shares.

23 (b) An additional franchise tax at the time of filing
24 (1) a report of the issuance of additional shares, or (2) a
25 report of an increase in paid-in capital without the

1 issuance of shares, or (3) an amendment to the articles of
2 incorporation or a report of cumulative changes in paid-in
3 capital, whenever any amendment or such report discloses
4 an increase in its paid-in capital over the amount thereof
5 last reported in any document, other than an annual
6 report, interim annual report or final transition annual
7 report required by this Act to be filed in the office of
8 the Secretary of State.

9 (c) An additional franchise tax at the time of filing
10 a report of paid-in capital following a statutory merger
11 or consolidation, which discloses that the paid-in capital
12 of the surviving or new corporation immediately after the
13 merger or consolidation is greater than the sum of the
14 paid-in capital of all of the merged or consolidated
15 corporations as last reported by them in any documents,
16 other than annual reports, required by this Act to be
17 filed in the office of the Secretary of State; and in
18 addition, the surviving or new corporation shall be liable
19 for a further additional franchise tax on the paid-in
20 capital of each of the merged or consolidated corporations
21 as last reported by them in any document, other than an
22 annual report, required by this Act to be filed with the
23 Secretary of State from their taxable year end to the next
24 succeeding anniversary month or, in the case of a
25 corporation which has established an extended filing
26 month, the extended filing month of the surviving or new

1 corporation; however if the taxable year ends within the
2 2-month period immediately preceding the anniversary month
3 or, in the case of a corporation which has established an
4 extended filing month, the extended filing month of the
5 surviving or new corporation the tax will be computed to
6 the anniversary month or, in the case of a corporation
7 which has established an extended filing month, the
8 extended filing month of the surviving or new corporation
9 in the next succeeding calendar year.

10 (d) An annual franchise tax payable each year with the
11 annual report which the corporation is required by this
12 Act to file.

13 On or after January 1, 2020 and prior to January 1, 2021,
14 the first \$30 in liability is exempt from the tax imposed under
15 this Section. On or after January 1, 2021 and prior to January
16 1, 2022, the first \$1,000 in liability is exempt from the tax
17 imposed under this Section. On or after January 1, 2022 and
18 prior to January 1, 2023, the first \$10,000 in liability is
19 exempt from the tax imposed under this Section. On or after
20 January 1, 2023 and prior to January 1, 2024, the first
21 \$100,000 in liability is exempt from the tax imposed under
22 this Section. The provisions of this Section shall not require
23 the payment of any franchise tax that would otherwise have
24 been due and payable on or after January 1, 2024. There shall
25 be no refunds or proration of franchise tax for any taxes due
26 and payable on or after January 1, 2024 on the basis that a

1 portion of the corporation's taxable year extends beyond
2 January 1, 2024. Public Act 101-9 shall not affect any right
3 accrued or established, or any liability or penalty incurred
4 prior to January 1, 2024.

5 (e) Notwithstanding any other provision of law, beginning
6 on June 1, 2023, a business with an average employee head count
7 of 49 or fewer employees is exempt from the taxes imposed under
8 this Section.

9 This Section is repealed on December 31, 2025.

10 (Source: P.A. 101-9, eff. 6-5-19; 102-558, eff. 8-20-21.)

11 (805 ILCS 5/15.65) (from Ch. 32, par. 15.65)

12 Sec. 15.65. Franchise taxes payable by foreign
13 corporations. For the privilege of exercising its authority to
14 transact such business in this State as set out in its
15 application therefor or any amendment thereto, each foreign
16 corporation shall pay to the Secretary of State the following
17 franchise taxes, computed on the basis, at the rates and for
18 the periods prescribed in this Act:

19 (a) An initial franchise tax at the time of filing its
20 application for authority to transact business in this
21 State.

22 (b) An additional franchise tax at the time of filing
23 (1) a report of the issuance of additional shares, or (2) a
24 report of an increase in paid-in capital without the
25 issuance of shares, or (3) a report of cumulative changes

1 in paid-in capital or a report of an exchange or
2 reclassification of shares, whenever any such report
3 discloses an increase in its paid-in capital over the
4 amount thereof last reported in any document, other than
5 an annual report, interim annual report or final
6 transition annual report, required by this Act to be filed
7 in the office of the Secretary of State.

8 (c) Whenever the corporation shall be a party to a
9 statutory merger and shall be the surviving corporation,
10 an additional franchise tax at the time of filing its
11 report following merger, if such report discloses that the
12 amount represented in this State of its paid-in capital
13 immediately after the merger is greater than the aggregate
14 of the amounts represented in this State of the paid-in
15 capital of such of the merged corporations as were
16 authorized to transact business in this State at the time
17 of the merger, as last reported by them in any documents,
18 other than annual reports, required by this Act to be
19 filed in the office of the Secretary of State; and in
20 addition, the surviving corporation shall be liable for a
21 further additional franchise tax on the paid-in capital of
22 each of the merged corporations as last reported by them
23 in any document, other than an annual report, required by
24 this Act to be filed with the Secretary of State, from
25 their taxable year end to the next succeeding anniversary
26 month or, in the case of a corporation which has

1 established an extended filing month, the extended filing
2 month of the surviving corporation; however if the taxable
3 year ends within the 2-month period immediately preceding
4 the anniversary month or the extended filing month of the
5 surviving corporation, the tax will be computed to the
6 anniversary or, extended filing month of the surviving
7 corporation in the next succeeding calendar year.

8 (d) An annual franchise tax payable each year with any
9 annual report which the corporation is required by this
10 Act to file.

11 On or after January 1, 2020 and prior to January 1, 2021,
12 the first \$30 in liability is exempt from the tax imposed under
13 this Section. On or after January 1, 2021, the first \$1,000 in
14 liability is exempt from the tax imposed under this Section.

15 (e) Notwithstanding any other provision of law, beginning
16 on June 1, 2023, a business with an average employee head count
17 of 49 or fewer employees is exempt from the taxes imposed under
18 this Section.

19 (Source: P.A. 101-9, eff. 6-5-19; 102-16, eff. 6-17-21;
20 102-558, eff. 8-20-21; 102-813, eff. 5-13-22.)