



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB4062

Introduced 5/2/2023, by Rep. Ryan Spain - Tony M. McCombie - Brad Stephens - Anthony DeLuca - John Egofske

SYNOPSIS AS INTRODUCED:

30 ILCS 115/2
35 ILCS 5/901

from Ch. 85, par. 612

Amends the Illinois Income Tax Act. Provides that the following amounts shall be deposited into the Local Government Distributive Fund as the revenue is realized from the specified taxes: (i) 10% of the net revenue realized from the tax imposed under the Act upon individuals, trusts, and estates; (ii) 10% of the net revenue realized from the tax imposed by the Act upon electing pass-through entities; and (iii) 10% of the net revenue realized from the tax imposed by the Act upon corporations. Amends the State Revenue Sharing Act to provide that amounts paid into the Local Government Distributive Fund are appropriated on a continuing basis. Effective immediately.

LRB103 32179 HLH 61323 b

1 AN ACT concerning revenue.

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

4 Section 5. The State Revenue Sharing Act is amended by
5 changing Section 2 as follows:

6 (30 ILCS 115/2) (from Ch. 85, par. 612)

7 Sec. 2. Allocation and Disbursement.

8 (a) As soon as may be after the first day of each month,
9 the Department of Revenue shall allocate among the several
10 municipalities and counties of this State the amount available
11 in the Local Government Distributive Fund and in the Income
12 Tax Surcharge Local Government Distributive Fund, determined
13 as provided in Sections 1 and 1a above. Except as provided in
14 Sections 13 and 13.1 of this Act, the Department shall then
15 certify such allocations to the State Comptroller, who shall
16 pay over to the several municipalities and counties the
17 respective amounts allocated to them. The amount of such Funds
18 allocable to each such municipality and county shall be in
19 proportion to the number of individual residents of such
20 municipality or county to the total population of the State,
21 determined in each case on the basis of the latest census of
22 the State, municipality or county conducted by the Federal
23 government and certified by the Secretary of State and for

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

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

1 certified copy of the plat of annexation or, in the case of
2 disconnection, the ordinance, final judgment, or resolution of
3 disconnection together with an accurate depiction of the
4 territory disconnected. The county in which the annexed or
5 disconnected territory is located shall verify that the number
6 of residents stated on the written notice that is to be sent to
7 the Department of Revenue is true and accurate. The verified
8 statement of the county shall accompany the written notice.
9 However, if the county does not respond to the municipality's
10 request for verification within 30 days, this verification
11 requirement shall be waived. The written notice shall be
12 provided to the Department of Revenue (1) within 30 days after
13 the effective date of this amendatory Act of the 96th General
14 Assembly for disconnections occurring after January 1, 2007
15 and before the effective date of this amendatory Act of the
16 96th General Assembly or (2) within 30 days after the
17 annexation or disconnection for annexations or disconnections
18 occurring on or after the effective date of this amendatory
19 Act of the 96th General Assembly. For purposes of this
20 Section, a disconnection or annexation through court order is
21 deemed to be effective 30 days after the entry of a final
22 judgment order, unless stayed pending appeal. Thereafter, the
23 monthly allocation made to the municipality and to any other
24 municipality or county affected by the annexation or
25 disconnection shall be adjusted in accordance with this
26 Section to reflect the change in residency of the residents of

1 the territory that was annexed or disconnected. The adjustment
2 shall be made no later than 30 days after the Department of
3 Revenue's receipt of the written notice of annexation or
4 disconnection described in this Section.

5 (c) All amounts paid into the Local Government
6 Distributive Fund in accordance with this Section and
7 allocated pursuant to this Act are appropriated on a
8 continuing basis.

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

10 Section 10. The Illinois Income Tax Act is amended by
11 changing Section 901 as follows:

12 (35 ILCS 5/901)

13 Sec. 901. Collection authority.

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

1 money collected under Section 2505-650 of the Department of
2 Revenue Law of the Civil Administrative Code of Illinois shall
3 be paid into the Child Support Enforcement Trust Fund, a
4 special fund outside the State Treasury, or to the State
5 Disbursement Unit established under Section 10-26 of the
6 Illinois Public Aid Code, as directed by the Department of
7 Healthcare and Family Services.

8 (b) Local Government Distributive Fund.

9 Beginning August 1, 2017 and continuing through July 31,
10 2022, the Treasurer shall transfer each month from the General
11 Revenue Fund to the Local Government Distributive Fund an
12 amount equal to the sum of: (i) 6.06% (10% of the ratio of the
13 3% individual income tax rate prior to 2011 to the 4.95%
14 individual income tax rate after July 1, 2017) of the net
15 revenue realized from the tax imposed by subsections (a) and
16 (b) of Section 201 of this Act upon individuals, trusts, and
17 estates during the preceding month; (ii) 6.85% (10% of the
18 ratio of the 4.8% corporate income tax rate prior to 2011 to
19 the 7% corporate income tax rate after July 1, 2017) of the net
20 revenue realized from the tax imposed by subsections (a) and
21 (b) of Section 201 of this Act upon corporations during the
22 preceding month; and (iii) beginning February 1, 2022, 6.06%
23 of the net revenue realized from the tax imposed by subsection
24 (p) of Section 201 of this Act upon electing pass-through
25 entities.

26 Beginning August 1, 2022 and until June 30, 2023, the

1 Treasurer shall transfer each month from the General Revenue
2 Fund to the Local Government Distributive Fund an amount equal
3 to the sum of: (i) 6.16% of the net revenue realized from the
4 tax imposed by subsections (a) and (b) of Section 201 of this
5 Act upon individuals, trusts, and estates during the preceding
6 month; (ii) 6.85% of the net revenue realized from the tax
7 imposed by subsections (a) and (b) of Section 201 of this Act
8 upon corporations during the preceding month; and (iii) 6.16%
9 of the net revenue realized from the tax imposed by subsection
10 (p) of Section 201 of this Act upon electing pass-through
11 entities.

12 Beginning July 1, 2023, the following amounts shall be
13 deposited into the Local Government Distributive Fund as the
14 revenue is realized from the specified taxes: (i) 10% of the
15 net revenue realized from the tax imposed by subsections (a)
16 and (b) of Section 201 of this Act upon individuals, trusts,
17 and estates; (ii) 10% of the net revenue realized from the tax
18 imposed by subsection (p) of Section 201 of this Act upon
19 electing pass-through entities; and (iii) 10% of the net
20 revenue realized from the tax imposed by subsections (a) and
21 (b) of Section 201 of this Act upon corporations.

22 Net revenue realized for a month shall be defined as the
23 revenue from the tax imposed by subsections (a) and (b) of
24 Section 201 of this Act which is deposited in the General
25 Revenue Fund, the Education Assistance Fund, the Income Tax
26 Surcharge Local Government Distributive Fund, the Fund for the

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

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

15 (c) Deposits Into Income Tax Refund Fund.

16 (1) Beginning on January 1, 1989 and thereafter, the
17 Department shall deposit a percentage of the amounts
18 collected pursuant to subsections (a) and (b)(1), (2), and
19 (3) of Section 201 of this Act into a fund in the State
20 treasury known as the Income Tax Refund Fund. Beginning
21 with State fiscal year 1990 and for each fiscal year
22 thereafter, the percentage deposited into the Income Tax
23 Refund Fund during a fiscal year shall be the Annual
24 Percentage. For fiscal year 2011, the Annual Percentage
25 shall be 8.75%. For fiscal year 2012, the Annual
26 Percentage shall be 8.75%. For fiscal year 2013, the

1 Annual Percentage shall be 9.75%. For fiscal year 2014,
2 the Annual Percentage shall be 9.5%. For fiscal year 2015,
3 the Annual Percentage shall be 10%. For fiscal year 2018,
4 the Annual Percentage shall be 9.8%. For fiscal year 2019,
5 the Annual Percentage shall be 9.7%. For fiscal year 2020,
6 the Annual Percentage shall be 9.5%. For fiscal year 2021,
7 the Annual Percentage shall be 9%. For fiscal year 2022,
8 the Annual Percentage shall be 9.25%. For fiscal year
9 2023, the Annual Percentage shall be 9.25%. For all other
10 fiscal years, the Annual Percentage shall be calculated as
11 a fraction, the numerator of which shall be the amount of
12 refunds approved for payment by the Department during the
13 preceding fiscal year as a result of overpayment of tax
14 liability under subsections (a) and (b) (1), (2), and (3)
15 of Section 201 of this Act plus the amount of such refunds
16 remaining approved but unpaid at the end of the preceding
17 fiscal year, minus the amounts transferred into the Income
18 Tax Refund Fund from the Tobacco Settlement Recovery Fund,
19 and the denominator of which shall be the amounts which
20 will be collected pursuant to subsections (a) and (b) (1),
21 (2), and (3) of Section 201 of this Act during the
22 preceding fiscal year; except that in State fiscal year
23 2002, the Annual Percentage shall in no event exceed 7.6%.
24 The Director of Revenue shall certify the Annual
25 Percentage to the Comptroller on the last business day of
26 the fiscal year immediately preceding the fiscal year for

1 which it is to be effective.

2 (2) Beginning on January 1, 1989 and thereafter, the
3 Department shall deposit a percentage of the amounts
4 collected pursuant to subsections (a) and (b) (6), (7), and
5 (8), (c) and (d) of Section 201 of this Act into a fund in
6 the State treasury known as the Income Tax Refund Fund.
7 Beginning with State fiscal year 1990 and for each fiscal
8 year thereafter, the percentage deposited into the Income
9 Tax Refund Fund during a fiscal year shall be the Annual
10 Percentage. For fiscal year 2011, the Annual Percentage
11 shall be 17.5%. For fiscal year 2012, the Annual
12 Percentage shall be 17.5%. For fiscal year 2013, the
13 Annual Percentage shall be 14%. For fiscal year 2014, the
14 Annual Percentage shall be 13.4%. For fiscal year 2015,
15 the Annual Percentage shall be 14%. For fiscal year 2018,
16 the Annual Percentage shall be 17.5%. For fiscal year
17 2019, the Annual Percentage shall be 15.5%. For fiscal
18 year 2020, the Annual Percentage shall be 14.25%. For
19 fiscal year 2021, the Annual Percentage shall be 14%. For
20 fiscal year 2022, the Annual Percentage shall be 15%. For
21 fiscal year 2023, the Annual Percentage shall be 14.5%.
22 For all other fiscal years, the Annual Percentage shall be
23 calculated as a fraction, the numerator of which shall be
24 the amount of refunds approved for payment by the
25 Department during the preceding fiscal year as a result of
26 overpayment of tax liability under subsections (a) and

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

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

18 (d) Expenditures from Income Tax Refund Fund.

19 (1) Beginning January 1, 1989, money in the Income Tax
20 Refund Fund shall be expended exclusively for the purpose
21 of paying refunds resulting from overpayment of tax
22 liability under Section 201 of this Act and for making
23 transfers pursuant to this subsection (d), except that in
24 State fiscal years 2022 and 2023, moneys in the Income Tax
25 Refund Fund shall also be used to pay one-time rebate
26 payments as provided under Sections 208.5 and 212.1.

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

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

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

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

6 (4.5) As soon as possible after the end of fiscal year
7 1999 and of each fiscal year thereafter, the Director
8 shall order transferred and the State Treasurer and State
9 Comptroller shall transfer from the Income Tax Refund Fund
10 to the General Revenue Fund any surplus remaining in the
11 Income Tax Refund Fund as of the end of such fiscal year;
12 excluding for fiscal years 2000, 2001, and 2002 amounts
13 attributable to transfers under item (3) of subsection (c)
14 less refunds resulting from the earned income tax credit,
15 and excluding for fiscal year 2022 amounts attributable to
16 transfers from the General Revenue Fund authorized by
17 Public Act 102-700 ~~this amendatory Act of the 102nd~~
18 ~~General Assembly.~~

19 (5) This Act shall constitute an irrevocable and
20 continuing appropriation from the Income Tax Refund Fund
21 for the purposes of (i) paying refunds upon the order of
22 the Director in accordance with the provisions of this
23 Section and (ii) paying one-time rebate payments under
24 Sections 208.5 and 212.1.

25 (e) Deposits into the Education Assistance Fund and the
26 Income Tax Surcharge Local Government Distributive Fund. On

1 July 1, 1991, and thereafter, of the amounts collected
2 pursuant to subsections (a) and (b) of Section 201 of this Act,
3 minus deposits into the Income Tax Refund Fund, the Department
4 shall deposit 7.3% into the Education Assistance Fund in the
5 State Treasury. Beginning July 1, 1991, and continuing through
6 January 31, 1993, of the amounts collected pursuant to
7 subsections (a) and (b) of Section 201 of the Illinois Income
8 Tax Act, minus deposits into the Income Tax Refund Fund, the
9 Department shall deposit 3.0% into the Income Tax Surcharge
10 Local Government Distributive Fund in the State Treasury.
11 Beginning February 1, 1993 and continuing through June 30,
12 1993, of the amounts collected pursuant to subsections (a) and
13 (b) of Section 201 of the Illinois Income Tax Act, minus
14 deposits into the Income Tax Refund Fund, the Department shall
15 deposit 4.4% into the Income Tax Surcharge Local Government
16 Distributive Fund in the State Treasury. Beginning July 1,
17 1993, and continuing through June 30, 1994, of the amounts
18 collected under subsections (a) and (b) of Section 201 of this
19 Act, minus deposits into the Income Tax Refund Fund, the
20 Department shall deposit 1.475% into the Income Tax Surcharge
21 Local Government Distributive Fund in the State Treasury.

22 (f) Deposits into the Fund for the Advancement of
23 Education. Beginning February 1, 2015, the Department shall
24 deposit the following portions of the revenue realized from
25 the tax imposed upon individuals, trusts, and estates by
26 subsections (a) and (b) of Section 201 of this Act, minus

1 deposits into the Income Tax Refund Fund, into the Fund for the
2 Advancement of Education:

3 (1) beginning February 1, 2015, and prior to February
4 1, 2025, 1/30; and

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

6 If the rate of tax imposed by subsection (a) and (b) of
7 Section 201 is reduced pursuant to Section 201.5 of this Act,
8 the Department shall not make the deposits required by this
9 subsection (f) on or after the effective date of the
10 reduction.

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

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

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

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

26 (h) Deposits into the Tax Compliance and Administration

1 Fund. Beginning on the first day of the first calendar month to
2 occur on or after August 26, 2014 (the effective date of Public
3 Act 98-1098), each month the Department shall pay into the Tax
4 Compliance and Administration Fund, to be used, subject to
5 appropriation, to fund additional auditors and compliance
6 personnel at the Department, an amount equal to 1/12 of 5% of
7 the cash receipts collected during the preceding fiscal year
8 by the Audit Bureau of the Department from the tax imposed by
9 subsections (a), (b), (c), and (d) of Section 201 of this Act,
10 net of deposits into the Income Tax Refund Fund made from those
11 cash receipts.

12 (Source: P.A. 101-8, see Section 99 for effective date;
13 101-10, eff. 6-5-19; 101-81, eff. 7-12-19; 101-636, eff.
14 6-10-20; 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-658,
15 eff. 8-27-21; 102-699, eff. 4-19-22; 102-700, eff. 4-19-22;
16 102-813, eff. 5-13-22; revised 8-2-22.)

17 Section 99. Effective date. This Act takes effect upon
18 becoming law.