



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB5306

Introduced 2/9/2024, by Rep. La Shawn K. Ford

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Income Tax Act. Sets forth provisions concerning the computation of taxes related to minority and other specific priority population owned business in the State. Amends the Liquor Control Act of 1934. Sets forth provisions concerning hemp products. Amends the Industrial Hemp Act. Establishes provisions that will enable the State to regulate hemp-derived cannabinoids. Distinguishes the lawful use of hemp-derived cannabinoids. Sets forth the limitation and penalties concerning the unlawful use of hemp cannabinoid. Sets forth other provisions concerning licenses and registration of cultivating industrial hemp, rules, administrative hearings and judicial review, loans and grants, immunity, age verification, packaging and labeling of hemp cannabinoid products, laboratory approvals, testing requirements, violations of State and federal law, licensing and regulation of hemp processors and hemp food establishments, academic research institutions, government demonstration and research entity, and cannabinoid retail tax. Limits home rule powers. Defines terms.

LRB103 37926 CES 68058 b

1 AN ACT concerning agriculture.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Section 203 as follows:

6 (35 ILCS 5/203)

7 Sec. 203. Base income defined.

8 (a) Individuals.

9 (1) In general. In the case of an individual, base
10 income means an amount equal to the taxpayer's adjusted
11 gross income for the taxable year as modified by paragraph
12 (2).

13 (2) Modifications. The adjusted gross income referred
14 to in paragraph (1) shall be modified by adding thereto
15 the sum of the following amounts:

16 (A) An amount equal to all amounts paid or accrued
17 to the taxpayer as interest or dividends during the
18 taxable year to the extent excluded from gross income
19 in the computation of adjusted gross income, except
20 stock dividends of qualified public utilities
21 described in Section 305(e) of the Internal Revenue
22 Code;

23 (B) An amount equal to the amount of tax imposed by

1 this Act to the extent deducted from gross income in
2 the computation of adjusted gross income for the
3 taxable year;

4 (C) An amount equal to the amount received during
5 the taxable year as a recovery or refund of real
6 property taxes paid with respect to the taxpayer's
7 principal residence under the Revenue Act of 1939 and
8 for which a deduction was previously taken under
9 subparagraph (L) of this paragraph (2) prior to July
10 1, 1991, the retrospective application date of Article
11 4 of Public Act 87-17. In the case of multi-unit or
12 multi-use structures and farm dwellings, the taxes on
13 the taxpayer's principal residence shall be that
14 portion of the total taxes for the entire property
15 which is attributable to such principal residence;

16 (D) An amount equal to the amount of the capital
17 gain deduction allowable under the Internal Revenue
18 Code, to the extent deducted from gross income in the
19 computation of adjusted gross income;

20 (D-5) An amount, to the extent not included in
21 adjusted gross income, equal to the amount of money
22 withdrawn by the taxpayer in the taxable year from a
23 medical care savings account and the interest earned
24 on the account in the taxable year of a withdrawal
25 pursuant to subsection (b) of Section 20 of the
26 Medical Care Savings Account Act or subsection (b) of

1 Section 20 of the Medical Care Savings Account Act of
2 2000;

3 (D-10) For taxable years ending after December 31,
4 1997, an amount equal to any eligible remediation
5 costs that the individual deducted in computing
6 adjusted gross income and for which the individual
7 claims a credit under subsection (l) of Section 201;

8 (D-15) For taxable years 2001 and thereafter, an
9 amount equal to the bonus depreciation deduction taken
10 on the taxpayer's federal income tax return for the
11 taxable year under subsection (k) of Section 168 of
12 the Internal Revenue Code;

13 (D-16) If the taxpayer sells, transfers, abandons,
14 or otherwise disposes of property for which the
15 taxpayer was required in any taxable year to make an
16 addition modification under subparagraph (D-15), then
17 an amount equal to the aggregate amount of the
18 deductions taken in all taxable years under
19 subparagraph (Z) with respect to that property.

20 If the taxpayer continues to own property through
21 the last day of the last tax year for which a
22 subtraction is allowed with respect to that property
23 under subparagraph (Z) and for which the taxpayer was
24 allowed in any taxable year to make a subtraction
25 modification under subparagraph (Z), then an amount
26 equal to that subtraction modification.

1 The taxpayer is required to make the addition
2 modification under this subparagraph only once with
3 respect to any one piece of property;

4 (D-17) An amount equal to the amount otherwise
5 allowed as a deduction in computing base income for
6 interest paid, accrued, or incurred, directly or
7 indirectly, (i) for taxable years ending on or after
8 December 31, 2004, to a foreign person who would be a
9 member of the same unitary business group but for the
10 fact that foreign person's business activity outside
11 the United States is 80% or more of the foreign
12 person's total business activity and (ii) for taxable
13 years ending on or after December 31, 2008, to a person
14 who would be a member of the same unitary business
15 group but for the fact that the person is prohibited
16 under Section 1501(a)(27) from being included in the
17 unitary business group because he or she is ordinarily
18 required to apportion business income under different
19 subsections of Section 304. The addition modification
20 required by this subparagraph shall be reduced to the
21 extent that dividends were included in base income of
22 the unitary group for the same taxable year and
23 received by the taxpayer or by a member of the
24 taxpayer's unitary business group (including amounts
25 included in gross income under Sections 951 through
26 964 of the Internal Revenue Code and amounts included

1 in gross income under Section 78 of the Internal
2 Revenue Code) with respect to the stock of the same
3 person to whom the interest was paid, accrued, or
4 incurred.

5 This paragraph shall not apply to the following:

6 (i) an item of interest paid, accrued, or
7 incurred, directly or indirectly, to a person who
8 is subject in a foreign country or state, other
9 than a state which requires mandatory unitary
10 reporting, to a tax on or measured by net income
11 with respect to such interest; or

12 (ii) an item of interest paid, accrued, or
13 incurred, directly or indirectly, to a person if
14 the taxpayer can establish, based on a
15 preponderance of the evidence, both of the
16 following:

17 (a) the person, during the same taxable
18 year, paid, accrued, or incurred, the interest
19 to a person that is not a related member, and

20 (b) the transaction giving rise to the
21 interest expense between the taxpayer and the
22 person did not have as a principal purpose the
23 avoidance of Illinois income tax, and is paid
24 pursuant to a contract or agreement that
25 reflects an arm's-length interest rate and
26 terms; or

1 (iii) the taxpayer can establish, based on
2 clear and convincing evidence, that the interest
3 paid, accrued, or incurred relates to a contract
4 or agreement entered into at arm's-length rates
5 and terms and the principal purpose for the
6 payment is not federal or Illinois tax avoidance;
7 or

8 (iv) an item of interest paid, accrued, or
9 incurred, directly or indirectly, to a person if
10 the taxpayer establishes by clear and convincing
11 evidence that the adjustments are unreasonable; or
12 if the taxpayer and the Director agree in writing
13 to the application or use of an alternative method
14 of apportionment under Section 304(f).

15 Nothing in this subsection shall preclude the
16 Director from making any other adjustment
17 otherwise allowed under Section 404 of this Act
18 for any tax year beginning after the effective
19 date of this amendment provided such adjustment is
20 made pursuant to regulation adopted by the
21 Department and such regulations provide methods
22 and standards by which the Department will utilize
23 its authority under Section 404 of this Act;

24 (D-18) An amount equal to the amount of intangible
25 expenses and costs otherwise allowed as a deduction in
26 computing base income, and that were paid, accrued, or

1 incurred, directly or indirectly, (i) for taxable
2 years ending on or after December 31, 2004, to a
3 foreign person who would be a member of the same
4 unitary business group but for the fact that the
5 foreign person's business activity outside the United
6 States is 80% or more of that person's total business
7 activity and (ii) for taxable years ending on or after
8 December 31, 2008, to a person who would be a member of
9 the same unitary business group but for the fact that
10 the person is prohibited under Section 1501(a)(27)
11 from being included in the unitary business group
12 because he or she is ordinarily required to apportion
13 business income under different subsections of Section
14 304. The addition modification required by this
15 subparagraph shall be reduced to the extent that
16 dividends were included in base income of the unitary
17 group for the same taxable year and received by the
18 taxpayer or by a member of the taxpayer's unitary
19 business group (including amounts included in gross
20 income under Sections 951 through 964 of the Internal
21 Revenue Code and amounts included in gross income
22 under Section 78 of the Internal Revenue Code) with
23 respect to the stock of the same person to whom the
24 intangible expenses and costs were directly or
25 indirectly paid, incurred, or accrued. The preceding
26 sentence does not apply to the extent that the same

1 dividends caused a reduction to the addition
2 modification required under Section 203(a)(2)(D-17) of
3 this Act. As used in this subparagraph, the term
4 "intangible expenses and costs" includes (1) expenses,
5 losses, and costs for, or related to, the direct or
6 indirect acquisition, use, maintenance or management,
7 ownership, sale, exchange, or any other disposition of
8 intangible property; (2) losses incurred, directly or
9 indirectly, from factoring transactions or discounting
10 transactions; (3) royalty, patent, technical, and
11 copyright fees; (4) licensing fees; and (5) other
12 similar expenses and costs. For purposes of this
13 subparagraph, "intangible property" includes patents,
14 patent applications, trade names, trademarks, service
15 marks, copyrights, mask works, trade secrets, and
16 similar types of intangible assets.

17 This paragraph shall not apply to the following:

18 (i) any item of intangible expenses or costs
19 paid, accrued, or incurred, directly or
20 indirectly, from a transaction with a person who
21 is subject in a foreign country or state, other
22 than a state which requires mandatory unitary
23 reporting, to a tax on or measured by net income
24 with respect to such item; or

25 (ii) any item of intangible expense or cost
26 paid, accrued, or incurred, directly or

1 indirectly, if the taxpayer can establish, based
2 on a preponderance of the evidence, both of the
3 following:

4 (a) the person during the same taxable
5 year paid, accrued, or incurred, the
6 intangible expense or cost to a person that is
7 not a related member, and

8 (b) the transaction giving rise to the
9 intangible expense or cost between the
10 taxpayer and the person did not have as a
11 principal purpose the avoidance of Illinois
12 income tax, and is paid pursuant to a contract
13 or agreement that reflects arm's-length terms;
14 or

15 (iii) any item of intangible expense or cost
16 paid, accrued, or incurred, directly or
17 indirectly, from a transaction with a person if
18 the taxpayer establishes by clear and convincing
19 evidence, that the adjustments are unreasonable;
20 or if the taxpayer and the Director agree in
21 writing to the application or use of an
22 alternative method of apportionment under Section
23 304(f);

24 Nothing in this subsection shall preclude the
25 Director from making any other adjustment
26 otherwise allowed under Section 404 of this Act

1 for any tax year beginning after the effective
2 date of this amendment provided such adjustment is
3 made pursuant to regulation adopted by the
4 Department and such regulations provide methods
5 and standards by which the Department will utilize
6 its authority under Section 404 of this Act;

7 (D-19) For taxable years ending on or after
8 December 31, 2008, an amount equal to the amount of
9 insurance premium expenses and costs otherwise allowed
10 as a deduction in computing base income, and that were
11 paid, accrued, or incurred, directly or indirectly, to
12 a person who would be a member of the same unitary
13 business group but for the fact that the person is
14 prohibited under Section 1501(a)(27) from being
15 included in the unitary business group because he or
16 she is ordinarily required to apportion business
17 income under different subsections of Section 304. The
18 addition modification required by this subparagraph
19 shall be reduced to the extent that dividends were
20 included in base income of the unitary group for the
21 same taxable year and received by the taxpayer or by a
22 member of the taxpayer's unitary business group
23 (including amounts included in gross income under
24 Sections 951 through 964 of the Internal Revenue Code
25 and amounts included in gross income under Section 78
26 of the Internal Revenue Code) with respect to the

1 stock of the same person to whom the premiums and costs
2 were directly or indirectly paid, incurred, or
3 accrued. The preceding sentence does not apply to the
4 extent that the same dividends caused a reduction to
5 the addition modification required under Section
6 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this
7 Act;

8 (D-20) For taxable years beginning on or after
9 January 1, 2002 and ending on or before December 31,
10 2006, in the case of a distribution from a qualified
11 tuition program under Section 529 of the Internal
12 Revenue Code, other than (i) a distribution from a
13 College Savings Pool created under Section 16.5 of the
14 State Treasurer Act or (ii) a distribution from the
15 Illinois Prepaid Tuition Trust Fund, an amount equal
16 to the amount excluded from gross income under Section
17 529(c)(3)(B). For taxable years beginning on or after
18 January 1, 2007, in the case of a distribution from a
19 qualified tuition program under Section 529 of the
20 Internal Revenue Code, other than (i) a distribution
21 from a College Savings Pool created under Section 16.5
22 of the State Treasurer Act, (ii) a distribution from
23 the Illinois Prepaid Tuition Trust Fund, or (iii) a
24 distribution from a qualified tuition program under
25 Section 529 of the Internal Revenue Code that (I)
26 adopts and determines that its offering materials

1 comply with the College Savings Plans Network's
2 disclosure principles and (II) has made reasonable
3 efforts to inform in-state residents of the existence
4 of in-state qualified tuition programs by informing
5 Illinois residents directly and, where applicable, to
6 inform financial intermediaries distributing the
7 program to inform in-state residents of the existence
8 of in-state qualified tuition programs at least
9 annually, an amount equal to the amount excluded from
10 gross income under Section 529(c)(3)(B).

11 For the purposes of this subparagraph (D-20), a
12 qualified tuition program has made reasonable efforts
13 if it makes disclosures (which may use the term
14 "in-state program" or "in-state plan" and need not
15 specifically refer to Illinois or its qualified
16 programs by name) (i) directly to prospective
17 participants in its offering materials or makes a
18 public disclosure, such as a website posting; and (ii)
19 where applicable, to intermediaries selling the
20 out-of-state program in the same manner that the
21 out-of-state program distributes its offering
22 materials;

23 (D-20.5) For taxable years beginning on or after
24 January 1, 2018, in the case of a distribution from a
25 qualified ABLE program under Section 529A of the
26 Internal Revenue Code, other than a distribution from

1 a qualified ABLE program created under Section 16.6 of
2 the State Treasurer Act, an amount equal to the amount
3 excluded from gross income under Section 529A(c) (1) (B)
4 of the Internal Revenue Code;

5 (D-21) For taxable years beginning on or after
6 January 1, 2007, in the case of transfer of moneys from
7 a qualified tuition program under Section 529 of the
8 Internal Revenue Code that is administered by the
9 State to an out-of-state program, an amount equal to
10 the amount of moneys previously deducted from base
11 income under subsection (a) (2) (Y) of this Section;

12 (D-21.5) For taxable years beginning on or after
13 January 1, 2018, in the case of the transfer of moneys
14 from a qualified tuition program under Section 529 or
15 a qualified ABLE program under Section 529A of the
16 Internal Revenue Code that is administered by this
17 State to an ABLE account established under an
18 out-of-state ABLE account program, an amount equal to
19 the contribution component of the transferred amount
20 that was previously deducted from base income under
21 subsection (a) (2) (Y) or subsection (a) (2) (HH) of this
22 Section;

23 (D-22) For taxable years beginning on or after
24 January 1, 2009, and prior to January 1, 2018, in the
25 case of a nonqualified withdrawal or refund of moneys
26 from a qualified tuition program under Section 529 of

1 the Internal Revenue Code administered by the State
2 that is not used for qualified expenses at an eligible
3 education institution, an amount equal to the
4 contribution component of the nonqualified withdrawal
5 or refund that was previously deducted from base
6 income under subsection (a)(2)(y) of this Section,
7 provided that the withdrawal or refund did not result
8 from the beneficiary's death or disability. For
9 taxable years beginning on or after January 1, 2018:
10 (1) in the case of a nonqualified withdrawal or
11 refund, as defined under Section 16.5 of the State
12 Treasurer Act, of moneys from a qualified tuition
13 program under Section 529 of the Internal Revenue Code
14 administered by the State, an amount equal to the
15 contribution component of the nonqualified withdrawal
16 or refund that was previously deducted from base
17 income under subsection (a)(2)(Y) of this Section, and
18 (2) in the case of a nonqualified withdrawal or refund
19 from a qualified ABLE program under Section 529A of
20 the Internal Revenue Code administered by the State
21 that is not used for qualified disability expenses, an
22 amount equal to the contribution component of the
23 nonqualified withdrawal or refund that was previously
24 deducted from base income under subsection (a)(2)(HH)
25 of this Section;

26 (D-23) An amount equal to the credit allowable to

1 the taxpayer under Section 218(a) of this Act,
2 determined without regard to Section 218(c) of this
3 Act;

4 (D-24) For taxable years ending on or after
5 December 31, 2017, an amount equal to the deduction
6 allowed under Section 199 of the Internal Revenue Code
7 for the taxable year;

8 (D-25) In the case of a resident, an amount equal
9 to the amount of tax for which a credit is allowed
10 pursuant to Section 201(p) (7) of this Act;

11 and by deducting from the total so obtained the sum of the
12 following amounts:

13 (E) For taxable years ending before December 31,
14 2001, any amount included in such total in respect of
15 any compensation (including but not limited to any
16 compensation paid or accrued to a serviceman while a
17 prisoner of war or missing in action) paid to a
18 resident by reason of being on active duty in the Armed
19 Forces of the United States and in respect of any
20 compensation paid or accrued to a resident who as a
21 governmental employee was a prisoner of war or missing
22 in action, and in respect of any compensation paid to a
23 resident in 1971 or thereafter for annual training
24 performed pursuant to Sections 502 and 503, Title 32,
25 United States Code as a member of the Illinois
26 National Guard or, beginning with taxable years ending

1 on or after December 31, 2007, the National Guard of
2 any other state. For taxable years ending on or after
3 December 31, 2001, any amount included in such total
4 in respect of any compensation (including but not
5 limited to any compensation paid or accrued to a
6 serviceman while a prisoner of war or missing in
7 action) paid to a resident by reason of being a member
8 of any component of the Armed Forces of the United
9 States and in respect of any compensation paid or
10 accrued to a resident who as a governmental employee
11 was a prisoner of war or missing in action, and in
12 respect of any compensation paid to a resident in 2001
13 or thereafter by reason of being a member of the
14 Illinois National Guard or, beginning with taxable
15 years ending on or after December 31, 2007, the
16 National Guard of any other state. The provisions of
17 this subparagraph (E) are exempt from the provisions
18 of Section 250;

19 (F) An amount equal to all amounts included in
20 such total pursuant to the provisions of Sections
21 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and
22 408 of the Internal Revenue Code, or included in such
23 total as distributions under the provisions of any
24 retirement or disability plan for employees of any
25 governmental agency or unit, or retirement payments to
26 retired partners, which payments are excluded in

1 computing net earnings from self employment by Section
2 1402 of the Internal Revenue Code and regulations
3 adopted pursuant thereto;

4 (G) The valuation limitation amount;

5 (H) An amount equal to the amount of any tax
6 imposed by this Act which was refunded to the taxpayer
7 and included in such total for the taxable year;

8 (I) An amount equal to all amounts included in
9 such total pursuant to the provisions of Section 111
10 of the Internal Revenue Code as a recovery of items
11 previously deducted from adjusted gross income in the
12 computation of taxable income;

13 (J) An amount equal to those dividends included in
14 such total which were paid by a corporation which
15 conducts business operations in a River Edge
16 Redevelopment Zone or zones created under the River
17 Edge Redevelopment Zone Act, and conducts
18 substantially all of its operations in a River Edge
19 Redevelopment Zone or zones. This subparagraph (J) is
20 exempt from the provisions of Section 250;

21 (K) An amount equal to those dividends included in
22 such total that were paid by a corporation that
23 conducts business operations in a federally designated
24 Foreign Trade Zone or Sub-Zone and that is designated
25 a High Impact Business located in Illinois; provided
26 that dividends eligible for the deduction provided in

1 subparagraph (J) of paragraph (2) of this subsection
2 shall not be eligible for the deduction provided under
3 this subparagraph (K);

4 (L) For taxable years ending after December 31,
5 1983, an amount equal to all social security benefits
6 and railroad retirement benefits included in such
7 total pursuant to Sections 72(r) and 86 of the
8 Internal Revenue Code;

9 (M) With the exception of any amounts subtracted
10 under subparagraph (N), an amount equal to the sum of
11 all amounts disallowed as deductions by (i) Sections
12 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
13 and all amounts of expenses allocable to interest and
14 disallowed as deductions by Section 265(a)(1) of the
15 Internal Revenue Code; and (ii) for taxable years
16 ending on or after August 13, 1999, Sections
17 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
18 Internal Revenue Code, plus, for taxable years ending
19 on or after December 31, 2011, Section 45G(e)(3) of
20 the Internal Revenue Code and, for taxable years
21 ending on or after December 31, 2008, any amount
22 included in gross income under Section 87 of the
23 Internal Revenue Code; the provisions of this
24 subparagraph are exempt from the provisions of Section
25 250;

26 (N) An amount equal to all amounts included in

1 such total which are exempt from taxation by this
2 State either by reason of its statutes or Constitution
3 or by reason of the Constitution, treaties or statutes
4 of the United States; provided that, in the case of any
5 statute of this State that exempts income derived from
6 bonds or other obligations from the tax imposed under
7 this Act, the amount exempted shall be the interest
8 net of bond premium amortization;

9 (O) An amount equal to any contribution made to a
10 job training project established pursuant to the Tax
11 Increment Allocation Redevelopment Act;

12 (P) An amount equal to the amount of the deduction
13 used to compute the federal income tax credit for
14 restoration of substantial amounts held under claim of
15 right for the taxable year pursuant to Section 1341 of
16 the Internal Revenue Code or of any itemized deduction
17 taken from adjusted gross income in the computation of
18 taxable income for restoration of substantial amounts
19 held under claim of right for the taxable year;

20 (Q) An amount equal to any amounts included in
21 such total, received by the taxpayer as an
22 acceleration in the payment of life, endowment or
23 annuity benefits in advance of the time they would
24 otherwise be payable as an indemnity for a terminal
25 illness;

26 (R) An amount equal to the amount of any federal or

1 State bonus paid to veterans of the Persian Gulf War;

2 (S) An amount, to the extent included in adjusted
3 gross income, equal to the amount of a contribution
4 made in the taxable year on behalf of the taxpayer to a
5 medical care savings account established under the
6 Medical Care Savings Account Act or the Medical Care
7 Savings Account Act of 2000 to the extent the
8 contribution is accepted by the account administrator
9 as provided in that Act;

10 (T) An amount, to the extent included in adjusted
11 gross income, equal to the amount of interest earned
12 in the taxable year on a medical care savings account
13 established under the Medical Care Savings Account Act
14 or the Medical Care Savings Account Act of 2000 on
15 behalf of the taxpayer, other than interest added
16 pursuant to item (D-5) of this paragraph (2);

17 (U) For one taxable year beginning on or after
18 January 1, 1994, an amount equal to the total amount of
19 tax imposed and paid under subsections (a) and (b) of
20 Section 201 of this Act on grant amounts received by
21 the taxpayer under the Nursing Home Grant Assistance
22 Act during the taxpayer's taxable years 1992 and 1993;

23 (V) Beginning with tax years ending on or after
24 December 31, 1995 and ending with tax years ending on
25 or before December 31, 2004, an amount equal to the
26 amount paid by a taxpayer who is a self-employed

1 taxpayer, a partner of a partnership, or a shareholder
2 in a Subchapter S corporation for health insurance or
3 long-term care insurance for that taxpayer or that
4 taxpayer's spouse or dependents, to the extent that
5 the amount paid for that health insurance or long-term
6 care insurance may be deducted under Section 213 of
7 the Internal Revenue Code, has not been deducted on
8 the federal income tax return of the taxpayer, and
9 does not exceed the taxable income attributable to
10 that taxpayer's income, self-employment income, or
11 Subchapter S corporation income; except that no
12 deduction shall be allowed under this item (V) if the
13 taxpayer is eligible to participate in any health
14 insurance or long-term care insurance plan of an
15 employer of the taxpayer or the taxpayer's spouse. The
16 amount of the health insurance and long-term care
17 insurance subtracted under this item (V) shall be
18 determined by multiplying total health insurance and
19 long-term care insurance premiums paid by the taxpayer
20 times a number that represents the fractional
21 percentage of eligible medical expenses under Section
22 213 of the Internal Revenue Code of 1986 not actually
23 deducted on the taxpayer's federal income tax return;

24 (W) For taxable years beginning on or after
25 January 1, 1998, all amounts included in the
26 taxpayer's federal gross income in the taxable year

1 from amounts converted from a regular IRA to a Roth
2 IRA. This paragraph is exempt from the provisions of
3 Section 250;

4 (X) For taxable year 1999 and thereafter, an
5 amount equal to the amount of any (i) distributions,
6 to the extent includible in gross income for federal
7 income tax purposes, made to the taxpayer because of
8 his or her status as a victim of persecution for racial
9 or religious reasons by Nazi Germany or any other Axis
10 regime or as an heir of the victim and (ii) items of
11 income, to the extent includible in gross income for
12 federal income tax purposes, attributable to, derived
13 from or in any way related to assets stolen from,
14 hidden from, or otherwise lost to a victim of
15 persecution for racial or religious reasons by Nazi
16 Germany or any other Axis regime immediately prior to,
17 during, and immediately after World War II, including,
18 but not limited to, interest on the proceeds
19 receivable as insurance under policies issued to a
20 victim of persecution for racial or religious reasons
21 by Nazi Germany or any other Axis regime by European
22 insurance companies immediately prior to and during
23 World War II; provided, however, this subtraction from
24 federal adjusted gross income does not apply to assets
25 acquired with such assets or with the proceeds from
26 the sale of such assets; provided, further, this

1 paragraph shall only apply to a taxpayer who was the
2 first recipient of such assets after their recovery
3 and who is a victim of persecution for racial or
4 religious reasons by Nazi Germany or any other Axis
5 regime or as an heir of the victim. The amount of and
6 the eligibility for any public assistance, benefit, or
7 similar entitlement is not affected by the inclusion
8 of items (i) and (ii) of this paragraph in gross income
9 for federal income tax purposes. This paragraph is
10 exempt from the provisions of Section 250;

11 (Y) For taxable years beginning on or after
12 January 1, 2002 and ending on or before December 31,
13 2004, moneys contributed in the taxable year to a
14 College Savings Pool account under Section 16.5 of the
15 State Treasurer Act, except that amounts excluded from
16 gross income under Section 529(c)(3)(C)(i) of the
17 Internal Revenue Code shall not be considered moneys
18 contributed under this subparagraph (Y). For taxable
19 years beginning on or after January 1, 2005, a maximum
20 of \$10,000 contributed in the taxable year to (i) a
21 College Savings Pool account under Section 16.5 of the
22 State Treasurer Act or (ii) the Illinois Prepaid
23 Tuition Trust Fund, except that amounts excluded from
24 gross income under Section 529(c)(3)(C)(i) of the
25 Internal Revenue Code shall not be considered moneys
26 contributed under this subparagraph (Y). For purposes

1 of this subparagraph, contributions made by an
2 employer on behalf of an employee, or matching
3 contributions made by an employee, shall be treated as
4 made by the employee. This subparagraph (Y) is exempt
5 from the provisions of Section 250;

6 (Z) For taxable years 2001 and thereafter, for the
7 taxable year in which the bonus depreciation deduction
8 is taken on the taxpayer's federal income tax return
9 under subsection (k) of Section 168 of the Internal
10 Revenue Code and for each applicable taxable year
11 thereafter, an amount equal to "x", where:

12 (1) "y" equals the amount of the depreciation
13 deduction taken for the taxable year on the
14 taxpayer's federal income tax return on property
15 for which the bonus depreciation deduction was
16 taken in any year under subsection (k) of Section
17 168 of the Internal Revenue Code, but not
18 including the bonus depreciation deduction;

19 (2) for taxable years ending on or before
20 December 31, 2005, "x" equals "y" multiplied by 30
21 and then divided by 70 (or "y" multiplied by
22 0.429); and

23 (3) for taxable years ending after December
24 31, 2005:

25 (i) for property on which a bonus
26 depreciation deduction of 30% of the adjusted

1 basis was taken, "x" equals "y" multiplied by
2 30 and then divided by 70 (or "y" multiplied
3 by 0.429);

4 (ii) for property on which a bonus
5 depreciation deduction of 50% of the adjusted
6 basis was taken, "x" equals "y" multiplied by
7 1.0;

8 (iii) for property on which a bonus
9 depreciation deduction of 100% of the adjusted
10 basis was taken in a taxable year ending on or
11 after December 31, 2021, "x" equals the
12 depreciation deduction that would be allowed
13 on that property if the taxpayer had made the
14 election under Section 168(k)(7) of the
15 Internal Revenue Code to not claim bonus
16 depreciation on that property; and

17 (iv) for property on which a bonus
18 depreciation deduction of a percentage other
19 than 30%, 50% or 100% of the adjusted basis
20 was taken in a taxable year ending on or after
21 December 31, 2021, "x" equals "y" multiplied
22 by 100 times the percentage bonus depreciation
23 on the property (that is, $100(\text{bonus}\%)$) and
24 then divided by 100 times 1 minus the
25 percentage bonus depreciation on the property
26 (that is, $100(1-\text{bonus}\%)$).

1 The aggregate amount deducted under this
2 subparagraph in all taxable years for any one piece of
3 property may not exceed the amount of the bonus
4 depreciation deduction taken on that property on the
5 taxpayer's federal income tax return under subsection
6 (k) of Section 168 of the Internal Revenue Code. This
7 subparagraph (Z) is exempt from the provisions of
8 Section 250;

9 (AA) If the taxpayer sells, transfers, abandons,
10 or otherwise disposes of property for which the
11 taxpayer was required in any taxable year to make an
12 addition modification under subparagraph (D-15), then
13 an amount equal to that addition modification.

14 If the taxpayer continues to own property through
15 the last day of the last tax year for which a
16 subtraction is allowed with respect to that property
17 under subparagraph (Z) and for which the taxpayer was
18 required in any taxable year to make an addition
19 modification under subparagraph (D-15), then an amount
20 equal to that addition modification.

21 The taxpayer is allowed to take the deduction
22 under this subparagraph only once with respect to any
23 one piece of property.

24 This subparagraph (AA) is exempt from the
25 provisions of Section 250;

26 (BB) Any amount included in adjusted gross income,

1 other than salary, received by a driver in a
2 ridesharing arrangement using a motor vehicle;

3 (CC) The amount of (i) any interest income (net of
4 the deductions allocable thereto) taken into account
5 for the taxable year with respect to a transaction
6 with a taxpayer that is required to make an addition
7 modification with respect to such transaction under
8 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
9 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
10 the amount of that addition modification, and (ii) any
11 income from intangible property (net of the deductions
12 allocable thereto) taken into account for the taxable
13 year with respect to a transaction with a taxpayer
14 that is required to make an addition modification with
15 respect to such transaction under Section
16 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
17 203(d)(2)(D-8), but not to exceed the amount of that
18 addition modification. This subparagraph (CC) is
19 exempt from the provisions of Section 250;

20 (DD) An amount equal to the interest income taken
21 into account for the taxable year (net of the
22 deductions allocable thereto) with respect to
23 transactions with (i) a foreign person who would be a
24 member of the taxpayer's unitary business group but
25 for the fact that the foreign person's business
26 activity outside the United States is 80% or more of

1 that person's total business activity and (ii) for
2 taxable years ending on or after December 31, 2008, to
3 a person who would be a member of the same unitary
4 business group but for the fact that the person is
5 prohibited under Section 1501(a)(27) from being
6 included in the unitary business group because he or
7 she is ordinarily required to apportion business
8 income under different subsections of Section 304, but
9 not to exceed the addition modification required to be
10 made for the same taxable year under Section
11 203(a)(2)(D-17) for interest paid, accrued, or
12 incurred, directly or indirectly, to the same person.
13 This subparagraph (DD) is exempt from the provisions
14 of Section 250;

15 (EE) An amount equal to the income from intangible
16 property taken into account for the taxable year (net
17 of the deductions allocable thereto) with respect to
18 transactions with (i) a foreign person who would be a
19 member of the taxpayer's unitary business group but
20 for the fact that the foreign person's business
21 activity outside the United States is 80% or more of
22 that person's total business activity and (ii) for
23 taxable years ending on or after December 31, 2008, to
24 a person who would be a member of the same unitary
25 business group but for the fact that the person is
26 prohibited under Section 1501(a)(27) from being

1 included in the unitary business group because he or
2 she is ordinarily required to apportion business
3 income under different subsections of Section 304, but
4 not to exceed the addition modification required to be
5 made for the same taxable year under Section
6 203(a)(2)(D-18) for intangible expenses and costs
7 paid, accrued, or incurred, directly or indirectly, to
8 the same foreign person. This subparagraph (EE) is
9 exempt from the provisions of Section 250;

10 (FF) An amount equal to any amount awarded to the
11 taxpayer during the taxable year by the Court of
12 Claims under subsection (c) of Section 8 of the Court
13 of Claims Act for time unjustly served in a State
14 prison. This subparagraph (FF) is exempt from the
15 provisions of Section 250;

16 (GG) For taxable years ending on or after December
17 31, 2011, in the case of a taxpayer who was required to
18 add back any insurance premiums under Section
19 203(a)(2)(D-19), such taxpayer may elect to subtract
20 that part of a reimbursement received from the
21 insurance company equal to the amount of the expense
22 or loss (including expenses incurred by the insurance
23 company) that would have been taken into account as a
24 deduction for federal income tax purposes if the
25 expense or loss had been uninsured. If a taxpayer
26 makes the election provided for by this subparagraph

1 (GG), the insurer to which the premiums were paid must
2 add back to income the amount subtracted by the
3 taxpayer pursuant to this subparagraph (GG). This
4 subparagraph (GG) is exempt from the provisions of
5 Section 250;

6 (HH) For taxable years beginning on or after
7 January 1, 2018 and prior to January 1, 2028, a maximum
8 of \$10,000 contributed in the taxable year to a
9 qualified ABLE account under Section 16.6 of the State
10 Treasurer Act, except that amounts excluded from gross
11 income under Section 529(c)(3)(C)(i) or Section
12 529A(c)(1)(C) of the Internal Revenue Code shall not
13 be considered moneys contributed under this
14 subparagraph (HH). For purposes of this subparagraph
15 (HH), contributions made by an employer on behalf of
16 an employee, or matching contributions made by an
17 employee, shall be treated as made by the employee;

18 (II) For taxable years that begin on or after
19 January 1, 2021 and begin before January 1, 2026, the
20 amount that is included in the taxpayer's federal
21 adjusted gross income pursuant to Section 61 of the
22 Internal Revenue Code as discharge of indebtedness
23 attributable to student loan forgiveness and that is
24 not excluded from the taxpayer's federal adjusted
25 gross income pursuant to paragraph (5) of subsection
26 (f) of Section 108 of the Internal Revenue Code; ~~and~~

1 (JJ) For taxable years beginning on or after
2 January 1, 2023, for any cannabis establishment
3 operating in this State and licensed under the
4 Cannabis Regulation and Tax Act or any cannabis
5 cultivation center or medical cannabis dispensing
6 organization operating in this State and licensed
7 under the Compassionate Use of Medical Cannabis
8 Program Act, an amount equal to the deductions that
9 were disallowed under Section 280E of the Internal
10 Revenue Code for the taxable year and that would not be
11 added back under this subsection. The provisions of
12 this subparagraph (JJ) are exempt from the provisions
13 of Section 250.

14 (KK) ~~(JJ)~~ To the extent includible in gross income
15 for federal income tax purposes, any amount awarded or
16 paid to the taxpayer as a result of a judgment or
17 settlement for fertility fraud as provided in Section
18 15 of the Illinois Fertility Fraud Act, donor
19 fertility fraud as provided in Section 20 of the
20 Illinois Fertility Fraud Act, or similar action in
21 another state.

22 (LL) For taxable years beginning on or after
23 January 1, 2025, for any hemp business establishment
24 operating in this State and licensed under the
25 Industrial Hemp Act, an amount equal to 50% of the
26 income generated by the sale products made by minority

1 and other specific priority population owned
2 businesses. The provisions of this subparagraph are
3 exempt from the provisions of Section 250. For
4 purposes of this paragraph, the term "minority and
5 other specific priority population owned businesses"
6 may include, but shall not be limited to, businesses
7 51% or more owned by groups such as women,
8 African-Americans, Puerto Ricans, Hispanics, Asian
9 Americans, veterans, the elderly, hemp justice or hemp
10 social equity participants as defined in the
11 Industrial Hemp Act, persons who are clients of
12 services provided by other State agencies, individuals
13 identifying as LGBTQ, persons with disabilities,
14 intravenous drug users, persons with AIDS or who are
15 HIV infected, and such other specific populations as
16 the Department may from time to time identify.

17 (b) Corporations.

18 (1) In general. In the case of a corporation, base
19 income means an amount equal to the taxpayer's taxable
20 income for the taxable year as modified by paragraph (2).

21 (2) Modifications. The taxable income referred to in
22 paragraph (1) shall be modified by adding thereto the sum
23 of the following amounts:

24 (A) An amount equal to all amounts paid or accrued
25 to the taxpayer as interest and all distributions

1 received from regulated investment companies during
2 the taxable year to the extent excluded from gross
3 income in the computation of taxable income;

4 (B) An amount equal to the amount of tax imposed by
5 this Act to the extent deducted from gross income in
6 the computation of taxable income for the taxable
7 year;

8 (C) In the case of a regulated investment company,
9 an amount equal to the excess of (i) the net long-term
10 capital gain for the taxable year, over (ii) the
11 amount of the capital gain dividends designated as
12 such in accordance with Section 852(b)(3)(C) of the
13 Internal Revenue Code and any amount designated under
14 Section 852(b)(3)(D) of the Internal Revenue Code,
15 attributable to the taxable year (this amendatory Act
16 of 1995 (Public Act 89-89) is declarative of existing
17 law and is not a new enactment);

18 (D) The amount of any net operating loss deduction
19 taken in arriving at taxable income, other than a net
20 operating loss carried forward from a taxable year
21 ending prior to December 31, 1986;

22 (E) For taxable years in which a net operating
23 loss carryback or carryforward from a taxable year
24 ending prior to December 31, 1986 is an element of
25 taxable income under paragraph (1) of subsection (e)
26 or subparagraph (E) of paragraph (2) of subsection

1 (e), the amount by which addition modifications other
2 than those provided by this subparagraph (E) exceeded
3 subtraction modifications in such earlier taxable
4 year, with the following limitations applied in the
5 order that they are listed:

6 (i) the addition modification relating to the
7 net operating loss carried back or forward to the
8 taxable year from any taxable year ending prior to
9 December 31, 1986 shall be reduced by the amount
10 of addition modification under this subparagraph
11 (E) which related to that net operating loss and
12 which was taken into account in calculating the
13 base income of an earlier taxable year, and

14 (ii) the addition modification relating to the
15 net operating loss carried back or forward to the
16 taxable year from any taxable year ending prior to
17 December 31, 1986 shall not exceed the amount of
18 such carryback or carryforward;

19 For taxable years in which there is a net
20 operating loss carryback or carryforward from more
21 than one other taxable year ending prior to December
22 31, 1986, the addition modification provided in this
23 subparagraph (E) shall be the sum of the amounts
24 computed independently under the preceding provisions
25 of this subparagraph (E) for each such taxable year;

26 (E-5) For taxable years ending after December 31,

1 1997, an amount equal to any eligible remediation
2 costs that the corporation deducted in computing
3 adjusted gross income and for which the corporation
4 claims a credit under subsection (l) of Section 201;

5 (E-10) For taxable years 2001 and thereafter, an
6 amount equal to the bonus depreciation deduction taken
7 on the taxpayer's federal income tax return for the
8 taxable year under subsection (k) of Section 168 of
9 the Internal Revenue Code;

10 (E-11) If the taxpayer sells, transfers, abandons,
11 or otherwise disposes of property for which the
12 taxpayer was required in any taxable year to make an
13 addition modification under subparagraph (E-10), then
14 an amount equal to the aggregate amount of the
15 deductions taken in all taxable years under
16 subparagraph (T) with respect to that property.

17 If the taxpayer continues to own property through
18 the last day of the last tax year for which a
19 subtraction is allowed with respect to that property
20 under subparagraph (T) and for which the taxpayer was
21 allowed in any taxable year to make a subtraction
22 modification under subparagraph (T), then an amount
23 equal to that subtraction modification.

24 The taxpayer is required to make the addition
25 modification under this subparagraph only once with
26 respect to any one piece of property;

1 (E-12) An amount equal to the amount otherwise
2 allowed as a deduction in computing base income for
3 interest paid, accrued, or incurred, directly or
4 indirectly, (i) for taxable years ending on or after
5 December 31, 2004, to a foreign person who would be a
6 member of the same unitary business group but for the
7 fact the foreign person's business activity outside
8 the United States is 80% or more of the foreign
9 person's total business activity and (ii) for taxable
10 years ending on or after December 31, 2008, to a person
11 who would be a member of the same unitary business
12 group but for the fact that the person is prohibited
13 under Section 1501(a)(27) from being included in the
14 unitary business group because he or she is ordinarily
15 required to apportion business income under different
16 subsections of Section 304. The addition modification
17 required by this subparagraph shall be reduced to the
18 extent that dividends were included in base income of
19 the unitary group for the same taxable year and
20 received by the taxpayer or by a member of the
21 taxpayer's unitary business group (including amounts
22 included in gross income pursuant to Sections 951
23 through 964 of the Internal Revenue Code and amounts
24 included in gross income under Section 78 of the
25 Internal Revenue Code) with respect to the stock of
26 the same person to whom the interest was paid,

1 accrued, or incurred.

2 This paragraph shall not apply to the following:

3 (i) an item of interest paid, accrued, or
4 incurred, directly or indirectly, to a person who
5 is subject in a foreign country or state, other
6 than a state which requires mandatory unitary
7 reporting, to a tax on or measured by net income
8 with respect to such interest; or

9 (ii) an item of interest paid, accrued, or
10 incurred, directly or indirectly, to a person if
11 the taxpayer can establish, based on a
12 preponderance of the evidence, both of the
13 following:

14 (a) the person, during the same taxable
15 year, paid, accrued, or incurred, the interest
16 to a person that is not a related member, and

17 (b) the transaction giving rise to the
18 interest expense between the taxpayer and the
19 person did not have as a principal purpose the
20 avoidance of Illinois income tax, and is paid
21 pursuant to a contract or agreement that
22 reflects an arm's-length interest rate and
23 terms; or

24 (iii) the taxpayer can establish, based on
25 clear and convincing evidence, that the interest
26 paid, accrued, or incurred relates to a contract

1 or agreement entered into at arm's-length rates
2 and terms and the principal purpose for the
3 payment is not federal or Illinois tax avoidance;
4 or

5 (iv) an item of interest paid, accrued, or
6 incurred, directly or indirectly, to a person if
7 the taxpayer establishes by clear and convincing
8 evidence that the adjustments are unreasonable; or
9 if the taxpayer and the Director agree in writing
10 to the application or use of an alternative method
11 of apportionment under Section 304(f).

12 Nothing in this subsection shall preclude the
13 Director from making any other adjustment
14 otherwise allowed under Section 404 of this Act
15 for any tax year beginning after the effective
16 date of this amendment provided such adjustment is
17 made pursuant to regulation adopted by the
18 Department and such regulations provide methods
19 and standards by which the Department will utilize
20 its authority under Section 404 of this Act;

21 (E-13) An amount equal to the amount of intangible
22 expenses and costs otherwise allowed as a deduction in
23 computing base income, and that were paid, accrued, or
24 incurred, directly or indirectly, (i) for taxable
25 years ending on or after December 31, 2004, to a
26 foreign person who would be a member of the same

1 unitary business group but for the fact that the
2 foreign person's business activity outside the United
3 States is 80% or more of that person's total business
4 activity and (ii) for taxable years ending on or after
5 December 31, 2008, to a person who would be a member of
6 the same unitary business group but for the fact that
7 the person is prohibited under Section 1501(a)(27)
8 from being included in the unitary business group
9 because he or she is ordinarily required to apportion
10 business income under different subsections of Section
11 304. The addition modification required by this
12 subparagraph shall be reduced to the extent that
13 dividends were included in base income of the unitary
14 group for the same taxable year and received by the
15 taxpayer or by a member of the taxpayer's unitary
16 business group (including amounts included in gross
17 income pursuant to Sections 951 through 964 of the
18 Internal Revenue Code and amounts included in gross
19 income under Section 78 of the Internal Revenue Code)
20 with respect to the stock of the same person to whom
21 the intangible expenses and costs were directly or
22 indirectly paid, incurred, or accrued. The preceding
23 sentence shall not apply to the extent that the same
24 dividends caused a reduction to the addition
25 modification required under Section 203(b)(2)(E-12) of
26 this Act. As used in this subparagraph, the term

1 "intangible expenses and costs" includes (1) expenses,
2 losses, and costs for, or related to, the direct or
3 indirect acquisition, use, maintenance or management,
4 ownership, sale, exchange, or any other disposition of
5 intangible property; (2) losses incurred, directly or
6 indirectly, from factoring transactions or discounting
7 transactions; (3) royalty, patent, technical, and
8 copyright fees; (4) licensing fees; and (5) other
9 similar expenses and costs. For purposes of this
10 subparagraph, "intangible property" includes patents,
11 patent applications, trade names, trademarks, service
12 marks, copyrights, mask works, trade secrets, and
13 similar types of intangible assets.

14 This paragraph shall not apply to the following:

15 (i) any item of intangible expenses or costs
16 paid, accrued, or incurred, directly or
17 indirectly, from a transaction with a person who
18 is subject in a foreign country or state, other
19 than a state which requires mandatory unitary
20 reporting, to a tax on or measured by net income
21 with respect to such item; or

22 (ii) any item of intangible expense or cost
23 paid, accrued, or incurred, directly or
24 indirectly, if the taxpayer can establish, based
25 on a preponderance of the evidence, both of the
26 following:

1 (a) the person during the same taxable
2 year paid, accrued, or incurred, the
3 intangible expense or cost to a person that is
4 not a related member, and

5 (b) the transaction giving rise to the
6 intangible expense or cost between the
7 taxpayer and the person did not have as a
8 principal purpose the avoidance of Illinois
9 income tax, and is paid pursuant to a contract
10 or agreement that reflects arm's-length terms;
11 or

12 (iii) any item of intangible expense or cost
13 paid, accrued, or incurred, directly or
14 indirectly, from a transaction with a person if
15 the taxpayer establishes by clear and convincing
16 evidence, that the adjustments are unreasonable;
17 or if the taxpayer and the Director agree in
18 writing to the application or use of an
19 alternative method of apportionment under Section
20 304(f);

21 Nothing in this subsection shall preclude the
22 Director from making any other adjustment
23 otherwise allowed under Section 404 of this Act
24 for any tax year beginning after the effective
25 date of this amendment provided such adjustment is
26 made pursuant to regulation adopted by the

1 Department and such regulations provide methods
2 and standards by which the Department will utilize
3 its authority under Section 404 of this Act;

4 (E-14) For taxable years ending on or after
5 December 31, 2008, an amount equal to the amount of
6 insurance premium expenses and costs otherwise allowed
7 as a deduction in computing base income, and that were
8 paid, accrued, or incurred, directly or indirectly, to
9 a person who would be a member of the same unitary
10 business group but for the fact that the person is
11 prohibited under Section 1501(a)(27) from being
12 included in the unitary business group because he or
13 she is ordinarily required to apportion business
14 income under different subsections of Section 304. The
15 addition modification required by this subparagraph
16 shall be reduced to the extent that dividends were
17 included in base income of the unitary group for the
18 same taxable year and received by the taxpayer or by a
19 member of the taxpayer's unitary business group
20 (including amounts included in gross income under
21 Sections 951 through 964 of the Internal Revenue Code
22 and amounts included in gross income under Section 78
23 of the Internal Revenue Code) with respect to the
24 stock of the same person to whom the premiums and costs
25 were directly or indirectly paid, incurred, or
26 accrued. The preceding sentence does not apply to the

1 extent that the same dividends caused a reduction to
2 the addition modification required under Section
3 203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this
4 Act;

5 (E-15) For taxable years beginning after December
6 31, 2008, any deduction for dividends paid by a
7 captive real estate investment trust that is allowed
8 to a real estate investment trust under Section
9 857(b)(2)(B) of the Internal Revenue Code for
10 dividends paid;

11 (E-16) An amount equal to the credit allowable to
12 the taxpayer under Section 218(a) of this Act,
13 determined without regard to Section 218(c) of this
14 Act;

15 (E-17) For taxable years ending on or after
16 December 31, 2017, an amount equal to the deduction
17 allowed under Section 199 of the Internal Revenue Code
18 for the taxable year;

19 (E-18) for taxable years beginning after December
20 31, 2018, an amount equal to the deduction allowed
21 under Section 250(a)(1)(A) of the Internal Revenue
22 Code for the taxable year;

23 (E-19) for taxable years ending on or after June
24 30, 2021, an amount equal to the deduction allowed
25 under Section 250(a)(1)(B)(i) of the Internal Revenue
26 Code for the taxable year;

1 (E-20) for taxable years ending on or after June
2 30, 2021, an amount equal to the deduction allowed
3 under Sections 243(e) and 245A(a) of the Internal
4 Revenue Code for the taxable year.

5 and by deducting from the total so obtained the sum of the
6 following amounts:

7 (F) An amount equal to the amount of any tax
8 imposed by this Act which was refunded to the taxpayer
9 and included in such total for the taxable year;

10 (G) An amount equal to any amount included in such
11 total under Section 78 of the Internal Revenue Code;

12 (H) In the case of a regulated investment company,
13 an amount equal to the amount of exempt interest
14 dividends as defined in subsection (b)(5) of Section
15 852 of the Internal Revenue Code, paid to shareholders
16 for the taxable year;

17 (I) With the exception of any amounts subtracted
18 under subparagraph (J), an amount equal to the sum of
19 all amounts disallowed as deductions by (i) Sections
20 171(a)(2) and 265(a)(2) and amounts disallowed as
21 interest expense by Section 291(a)(3) of the Internal
22 Revenue Code, and all amounts of expenses allocable to
23 interest and disallowed as deductions by Section
24 265(a)(1) of the Internal Revenue Code; and (ii) for
25 taxable years ending on or after August 13, 1999,
26 Sections 171(a)(2), 265, 280C, 291(a)(3), and

1 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
2 for tax years ending on or after December 31, 2011,
3 amounts disallowed as deductions by Section 45G(e)(3)
4 of the Internal Revenue Code and, for taxable years
5 ending on or after December 31, 2008, any amount
6 included in gross income under Section 87 of the
7 Internal Revenue Code and the policyholders' share of
8 tax-exempt interest of a life insurance company under
9 Section 807(a)(2)(B) of the Internal Revenue Code (in
10 the case of a life insurance company with gross income
11 from a decrease in reserves for the tax year) or
12 Section 807(b)(1)(B) of the Internal Revenue Code (in
13 the case of a life insurance company allowed a
14 deduction for an increase in reserves for the tax
15 year); the provisions of this subparagraph are exempt
16 from the provisions of Section 250;

17 (J) An amount equal to all amounts included in
18 such total which are exempt from taxation by this
19 State either by reason of its statutes or Constitution
20 or by reason of the Constitution, treaties or statutes
21 of the United States; provided that, in the case of any
22 statute of this State that exempts income derived from
23 bonds or other obligations from the tax imposed under
24 this Act, the amount exempted shall be the interest
25 net of bond premium amortization;

26 (K) An amount equal to those dividends included in

1 such total which were paid by a corporation which
2 conducts business operations in a River Edge
3 Redevelopment Zone or zones created under the River
4 Edge Redevelopment Zone Act and conducts substantially
5 all of its operations in a River Edge Redevelopment
6 Zone or zones. This subparagraph (K) is exempt from
7 the provisions of Section 250;

8 (L) An amount equal to those dividends included in
9 such total that were paid by a corporation that
10 conducts business operations in a federally designated
11 Foreign Trade Zone or Sub-Zone and that is designated
12 a High Impact Business located in Illinois; provided
13 that dividends eligible for the deduction provided in
14 subparagraph (K) of paragraph 2 of this subsection
15 shall not be eligible for the deduction provided under
16 this subparagraph (L);

17 (M) For any taxpayer that is a financial
18 organization within the meaning of Section 304(c) of
19 this Act, an amount included in such total as interest
20 income from a loan or loans made by such taxpayer to a
21 borrower, to the extent that such a loan is secured by
22 property which is eligible for the River Edge
23 Redevelopment Zone Investment Credit. To determine the
24 portion of a loan or loans that is secured by property
25 eligible for a Section 201(f) investment credit to the
26 borrower, the entire principal amount of the loan or

1 loans between the taxpayer and the borrower should be
2 divided into the basis of the Section 201(f)
3 investment credit property which secures the loan or
4 loans, using for this purpose the original basis of
5 such property on the date that it was placed in service
6 in the River Edge Redevelopment Zone. The subtraction
7 modification available to the taxpayer in any year
8 under this subsection shall be that portion of the
9 total interest paid by the borrower with respect to
10 such loan attributable to the eligible property as
11 calculated under the previous sentence. This
12 subparagraph (M) is exempt from the provisions of
13 Section 250;

14 (M-1) For any taxpayer that is a financial
15 organization within the meaning of Section 304(c) of
16 this Act, an amount included in such total as interest
17 income from a loan or loans made by such taxpayer to a
18 borrower, to the extent that such a loan is secured by
19 property which is eligible for the High Impact
20 Business Investment Credit. To determine the portion
21 of a loan or loans that is secured by property eligible
22 for a Section 201(h) investment credit to the
23 borrower, the entire principal amount of the loan or
24 loans between the taxpayer and the borrower should be
25 divided into the basis of the Section 201(h)
26 investment credit property which secures the loan or

1 loans, using for this purpose the original basis of
2 such property on the date that it was placed in service
3 in a federally designated Foreign Trade Zone or
4 Sub-Zone located in Illinois. No taxpayer that is
5 eligible for the deduction provided in subparagraph
6 (M) of paragraph (2) of this subsection shall be
7 eligible for the deduction provided under this
8 subparagraph (M-1). The subtraction modification
9 available to taxpayers in any year under this
10 subsection shall be that portion of the total interest
11 paid by the borrower with respect to such loan
12 attributable to the eligible property as calculated
13 under the previous sentence;

14 (N) Two times any contribution made during the
15 taxable year to a designated zone organization to the
16 extent that the contribution (i) qualifies as a
17 charitable contribution under subsection (c) of
18 Section 170 of the Internal Revenue Code and (ii)
19 must, by its terms, be used for a project approved by
20 the Department of Commerce and Economic Opportunity
21 under Section 11 of the Illinois Enterprise Zone Act
22 or under Section 10-10 of the River Edge Redevelopment
23 Zone Act. This subparagraph (N) is exempt from the
24 provisions of Section 250;

25 (O) An amount equal to: (i) 85% for taxable years
26 ending on or before December 31, 1992, or, a

1 percentage equal to the percentage allowable under
2 Section 243(a)(1) of the Internal Revenue Code of 1986
3 for taxable years ending after December 31, 1992, of
4 the amount by which dividends included in taxable
5 income and received from a corporation that is not
6 created or organized under the laws of the United
7 States or any state or political subdivision thereof,
8 including, for taxable years ending on or after
9 December 31, 1988, dividends received or deemed
10 received or paid or deemed paid under Sections 951
11 through 965 of the Internal Revenue Code, exceed the
12 amount of the modification provided under subparagraph
13 (G) of paragraph (2) of this subsection (b) which is
14 related to such dividends, and including, for taxable
15 years ending on or after December 31, 2008, dividends
16 received from a captive real estate investment trust;
17 plus (ii) 100% of the amount by which dividends,
18 included in taxable income and received, including,
19 for taxable years ending on or after December 31,
20 1988, dividends received or deemed received or paid or
21 deemed paid under Sections 951 through 964 of the
22 Internal Revenue Code and including, for taxable years
23 ending on or after December 31, 2008, dividends
24 received from a captive real estate investment trust,
25 from any such corporation specified in clause (i) that
26 would but for the provisions of Section 1504(b)(3) of

1 the Internal Revenue Code be treated as a member of the
2 affiliated group which includes the dividend
3 recipient, exceed the amount of the modification
4 provided under subparagraph (G) of paragraph (2) of
5 this subsection (b) which is related to such
6 dividends. For taxable years ending on or after June
7 30, 2021, (i) for purposes of this subparagraph, the
8 term "dividend" does not include any amount treated as
9 a dividend under Section 1248 of the Internal Revenue
10 Code, and (ii) this subparagraph shall not apply to
11 dividends for which a deduction is allowed under
12 Section 245(a) of the Internal Revenue Code. This
13 subparagraph (O) is exempt from the provisions of
14 Section 250 of this Act;

15 (P) An amount equal to any contribution made to a
16 job training project established pursuant to the Tax
17 Increment Allocation Redevelopment Act;

18 (Q) An amount equal to the amount of the deduction
19 used to compute the federal income tax credit for
20 restoration of substantial amounts held under claim of
21 right for the taxable year pursuant to Section 1341 of
22 the Internal Revenue Code;

23 (R) On and after July 20, 1999, in the case of an
24 attorney-in-fact with respect to whom an interinsurer
25 or a reciprocal insurer has made the election under
26 Section 835 of the Internal Revenue Code, 26 U.S.C.

1 835, an amount equal to the excess, if any, of the
2 amounts paid or incurred by that interinsurer or
3 reciprocal insurer in the taxable year to the
4 attorney-in-fact over the deduction allowed to that
5 interinsurer or reciprocal insurer with respect to the
6 attorney-in-fact under Section 835(b) of the Internal
7 Revenue Code for the taxable year; the provisions of
8 this subparagraph are exempt from the provisions of
9 Section 250;

10 (S) For taxable years ending on or after December
11 31, 1997, in the case of a Subchapter S corporation, an
12 amount equal to all amounts of income allocable to a
13 shareholder subject to the Personal Property Tax
14 Replacement Income Tax imposed by subsections (c) and
15 (d) of Section 201 of this Act, including amounts
16 allocable to organizations exempt from federal income
17 tax by reason of Section 501(a) of the Internal
18 Revenue Code. This subparagraph (S) is exempt from the
19 provisions of Section 250;

20 (T) For taxable years 2001 and thereafter, for the
21 taxable year in which the bonus depreciation deduction
22 is taken on the taxpayer's federal income tax return
23 under subsection (k) of Section 168 of the Internal
24 Revenue Code and for each applicable taxable year
25 thereafter, an amount equal to "x", where:

26 (1) "y" equals the amount of the depreciation

1 deduction taken for the taxable year on the
2 taxpayer's federal income tax return on property
3 for which the bonus depreciation deduction was
4 taken in any year under subsection (k) of Section
5 168 of the Internal Revenue Code, but not
6 including the bonus depreciation deduction;

7 (2) for taxable years ending on or before
8 December 31, 2005, "x" equals "y" multiplied by 30
9 and then divided by 70 (or "y" multiplied by
10 0.429); and

11 (3) for taxable years ending after December
12 31, 2005:

13 (i) for property on which a bonus
14 depreciation deduction of 30% of the adjusted
15 basis was taken, "x" equals "y" multiplied by
16 30 and then divided by 70 (or "y" multiplied
17 by 0.429);

18 (ii) for property on which a bonus
19 depreciation deduction of 50% of the adjusted
20 basis was taken, "x" equals "y" multiplied by
21 1.0;

22 (iii) for property on which a bonus
23 depreciation deduction of 100% of the adjusted
24 basis was taken in a taxable year ending on or
25 after December 31, 2021, "x" equals the
26 depreciation deduction that would be allowed

1 on that property if the taxpayer had made the
2 election under Section 168(k)(7) of the
3 Internal Revenue Code to not claim bonus
4 depreciation on that property; and

5 (iv) for property on which a bonus
6 depreciation deduction of a percentage other
7 than 30%, 50% or 100% of the adjusted basis
8 was taken in a taxable year ending on or after
9 December 31, 2021, "x" equals "y" multiplied
10 by 100 times the percentage bonus depreciation
11 on the property (that is, $100(\text{bonus}\%)$) and
12 then divided by 100 times 1 minus the
13 percentage bonus depreciation on the property
14 (that is, $100(1-\text{bonus}\%)$).

15 The aggregate amount deducted under this
16 subparagraph in all taxable years for any one piece of
17 property may not exceed the amount of the bonus
18 depreciation deduction taken on that property on the
19 taxpayer's federal income tax return under subsection
20 (k) of Section 168 of the Internal Revenue Code. This
21 subparagraph (T) is exempt from the provisions of
22 Section 250;

23 (U) If the taxpayer sells, transfers, abandons, or
24 otherwise disposes of property for which the taxpayer
25 was required in any taxable year to make an addition
26 modification under subparagraph (E-10), then an amount

1 equal to that addition modification.

2 If the taxpayer continues to own property through
3 the last day of the last tax year for which a
4 subtraction is allowed with respect to that property
5 under subparagraph (T) and for which the taxpayer was
6 required in any taxable year to make an addition
7 modification under subparagraph (E-10), then an amount
8 equal to that addition modification.

9 The taxpayer is allowed to take the deduction
10 under this subparagraph only once with respect to any
11 one piece of property.

12 This subparagraph (U) is exempt from the
13 provisions of Section 250;

14 (V) The amount of: (i) any interest income (net of
15 the deductions allocable thereto) taken into account
16 for the taxable year with respect to a transaction
17 with a taxpayer that is required to make an addition
18 modification with respect to such transaction under
19 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
20 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
21 the amount of such addition modification, (ii) any
22 income from intangible property (net of the deductions
23 allocable thereto) taken into account for the taxable
24 year with respect to a transaction with a taxpayer
25 that is required to make an addition modification with
26 respect to such transaction under Section

1 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
2 203(d)(2)(D-8), but not to exceed the amount of such
3 addition modification, and (iii) any insurance premium
4 income (net of deductions allocable thereto) taken
5 into account for the taxable year with respect to a
6 transaction with a taxpayer that is required to make
7 an addition modification with respect to such
8 transaction under Section 203(a)(2)(D-19), Section
9 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
10 203(d)(2)(D-9), but not to exceed the amount of that
11 addition modification. This subparagraph (V) is exempt
12 from the provisions of Section 250;

13 (W) An amount equal to the interest income taken
14 into account for the taxable year (net of the
15 deductions allocable thereto) with respect to
16 transactions with (i) a foreign person who would be a
17 member of the taxpayer's unitary business group but
18 for the fact that the foreign person's business
19 activity outside the United States is 80% or more of
20 that person's total business activity and (ii) for
21 taxable years ending on or after December 31, 2008, to
22 a person who would be a member of the same unitary
23 business group but for the fact that the person is
24 prohibited under Section 1501(a)(27) from being
25 included in the unitary business group because he or
26 she is ordinarily required to apportion business

1 income under different subsections of Section 304, but
2 not to exceed the addition modification required to be
3 made for the same taxable year under Section
4 203(b)(2)(E-12) for interest paid, accrued, or
5 incurred, directly or indirectly, to the same person.
6 This subparagraph (W) is exempt from the provisions of
7 Section 250;

8 (X) An amount equal to the income from intangible
9 property taken into account for the taxable year (net
10 of the deductions allocable thereto) with respect to
11 transactions with (i) a foreign person who would be a
12 member of the taxpayer's unitary business group but
13 for the fact that the foreign person's business
14 activity outside the United States is 80% or more of
15 that person's total business activity and (ii) for
16 taxable years ending on or after December 31, 2008, to
17 a person who would be a member of the same unitary
18 business group but for the fact that the person is
19 prohibited under Section 1501(a)(27) from being
20 included in the unitary business group because he or
21 she is ordinarily required to apportion business
22 income under different subsections of Section 304, but
23 not to exceed the addition modification required to be
24 made for the same taxable year under Section
25 203(b)(2)(E-13) for intangible expenses and costs
26 paid, accrued, or incurred, directly or indirectly, to

1 the same foreign person. This subparagraph (X) is
2 exempt from the provisions of Section 250;

3 (Y) For taxable years ending on or after December
4 31, 2011, in the case of a taxpayer who was required to
5 add back any insurance premiums under Section
6 203(b)(2)(E-14), such taxpayer may elect to subtract
7 that part of a reimbursement received from the
8 insurance company equal to the amount of the expense
9 or loss (including expenses incurred by the insurance
10 company) that would have been taken into account as a
11 deduction for federal income tax purposes if the
12 expense or loss had been uninsured. If a taxpayer
13 makes the election provided for by this subparagraph
14 (Y), the insurer to which the premiums were paid must
15 add back to income the amount subtracted by the
16 taxpayer pursuant to this subparagraph (Y). This
17 subparagraph (Y) is exempt from the provisions of
18 Section 250;

19 (Z) The difference between the nondeductible
20 controlled foreign corporation dividends under Section
21 965(e)(3) of the Internal Revenue Code over the
22 taxable income of the taxpayer, computed without
23 regard to Section 965(e)(2)(A) of the Internal Revenue
24 Code, and without regard to any net operating loss
25 deduction. This subparagraph (Z) is exempt from the
26 provisions of Section 250; and

1 (AA) For taxable years beginning on or after
2 January 1, 2023, for any cannabis establishment
3 operating in this State and licensed under the
4 Cannabis Regulation and Tax Act or any cannabis
5 cultivation center or medical cannabis dispensing
6 organization operating in this State and licensed
7 under the Compassionate Use of Medical Cannabis
8 Program Act, an amount equal to the deductions that
9 were disallowed under Section 280E of the Internal
10 Revenue Code for the taxable year and that would not be
11 added back under this subsection. The provisions of
12 this subparagraph (AA) are exempt from the provisions
13 of Section 250.

14 (BB) For taxable years beginning on or after
15 January 1, 2025, for any hemp business establishment
16 operating in this State and licensed under the
17 Industrial Hemp Act, an amount equal to 50% of the
18 income generated by the sale products made by minority
19 and other specific priority population owned
20 businesses. The provisions of this subparagraph are
21 exempt from the provisions of Section 250. For
22 purposes of this paragraph, the term "minority and
23 other specific priority population owned businesses"
24 may include, but shall not be limited to, businesses
25 51% or more owned by groups such as women, parents,
26 African-Americans, Puerto Ricans, Hispanics, Asian

1 Americans, veterans, the elderly, hemp justice or hemp
2 social equity participants as defined by the
3 Industrial Hemp Act, persons who are clients of
4 services provided by other State agencies, individuals
5 identifying as LGBTQ, persons with disabilities,
6 intravenous drug users, persons with AIDS or who are
7 HIV infected, and such other specific populations as
8 the Department may from time to time identify.

9 (3) Special rule. For purposes of paragraph (2) (A),
10 "gross income" in the case of a life insurance company,
11 for tax years ending on and after December 31, 1994, and
12 prior to December 31, 2011, shall mean the gross
13 investment income for the taxable year and, for tax years
14 ending on or after December 31, 2011, shall mean all
15 amounts included in life insurance gross income under
16 Section 803(a) (3) of the Internal Revenue Code.

17 (c) Trusts and estates.

18 (1) In general. In the case of a trust or estate, base
19 income means an amount equal to the taxpayer's taxable
20 income for the taxable year as modified by paragraph (2).

21 (2) Modifications. Subject to the provisions of
22 paragraph (3), the taxable income referred to in paragraph
23 (1) shall be modified by adding thereto the sum of the
24 following amounts:

25 (A) An amount equal to all amounts paid or accrued

1 to the taxpayer as interest or dividends during the
2 taxable year to the extent excluded from gross income
3 in the computation of taxable income;

4 (B) In the case of (i) an estate, \$600; (ii) a
5 trust which, under its governing instrument, is
6 required to distribute all of its income currently,
7 \$300; and (iii) any other trust, \$100, but in each such
8 case, only to the extent such amount was deducted in
9 the computation of taxable income;

10 (C) An amount equal to the amount of tax imposed by
11 this Act to the extent deducted from gross income in
12 the computation of taxable income for the taxable
13 year;

14 (D) The amount of any net operating loss deduction
15 taken in arriving at taxable income, other than a net
16 operating loss carried forward from a taxable year
17 ending prior to December 31, 1986;

18 (E) For taxable years in which a net operating
19 loss carryback or carryforward from a taxable year
20 ending prior to December 31, 1986 is an element of
21 taxable income under paragraph (1) of subsection (e)
22 or subparagraph (E) of paragraph (2) of subsection
23 (e), the amount by which addition modifications other
24 than those provided by this subparagraph (E) exceeded
25 subtraction modifications in such taxable year, with
26 the following limitations applied in the order that

1 they are listed:

2 (i) the addition modification relating to the
3 net operating loss carried back or forward to the
4 taxable year from any taxable year ending prior to
5 December 31, 1986 shall be reduced by the amount
6 of addition modification under this subparagraph
7 (E) which related to that net operating loss and
8 which was taken into account in calculating the
9 base income of an earlier taxable year, and

10 (ii) the addition modification relating to the
11 net operating loss carried back or forward to the
12 taxable year from any taxable year ending prior to
13 December 31, 1986 shall not exceed the amount of
14 such carryback or carryforward;

15 For taxable years in which there is a net
16 operating loss carryback or carryforward from more
17 than one other taxable year ending prior to December
18 31, 1986, the addition modification provided in this
19 subparagraph (E) shall be the sum of the amounts
20 computed independently under the preceding provisions
21 of this subparagraph (E) for each such taxable year;

22 (F) For taxable years ending on or after January
23 1, 1989, an amount equal to the tax deducted pursuant
24 to Section 164 of the Internal Revenue Code if the
25 trust or estate is claiming the same tax for purposes
26 of the Illinois foreign tax credit under Section 601

1 of this Act;

2 (G) An amount equal to the amount of the capital
3 gain deduction allowable under the Internal Revenue
4 Code, to the extent deducted from gross income in the
5 computation of taxable income;

6 (G-5) For taxable years ending after December 31,
7 1997, an amount equal to any eligible remediation
8 costs that the trust or estate deducted in computing
9 adjusted gross income and for which the trust or
10 estate claims a credit under subsection (l) of Section
11 201;

12 (G-10) For taxable years 2001 and thereafter, an
13 amount equal to the bonus depreciation deduction taken
14 on the taxpayer's federal income tax return for the
15 taxable year under subsection (k) of Section 168 of
16 the Internal Revenue Code; and

17 (G-11) If the taxpayer sells, transfers, abandons,
18 or otherwise disposes of property for which the
19 taxpayer was required in any taxable year to make an
20 addition modification under subparagraph (G-10), then
21 an amount equal to the aggregate amount of the
22 deductions taken in all taxable years under
23 subparagraph (R) with respect to that property.

24 If the taxpayer continues to own property through
25 the last day of the last tax year for which a
26 subtraction is allowed with respect to that property

1 under subparagraph (R) and for which the taxpayer was
2 allowed in any taxable year to make a subtraction
3 modification under subparagraph (R), then an amount
4 equal to that subtraction modification.

5 The taxpayer is required to make the addition
6 modification under this subparagraph only once with
7 respect to any one piece of property;

8 (G-12) An amount equal to the amount otherwise
9 allowed as a deduction in computing base income for
10 interest paid, accrued, or incurred, directly or
11 indirectly, (i) for taxable years ending on or after
12 December 31, 2004, to a foreign person who would be a
13 member of the same unitary business group but for the
14 fact that the foreign person's business activity
15 outside the United States is 80% or more of the foreign
16 person's total business activity and (ii) for taxable
17 years ending on or after December 31, 2008, to a person
18 who would be a member of the same unitary business
19 group but for the fact that the person is prohibited
20 under Section 1501(a)(27) from being included in the
21 unitary business group because he or she is ordinarily
22 required to apportion business income under different
23 subsections of Section 304. The addition modification
24 required by this subparagraph shall be reduced to the
25 extent that dividends were included in base income of
26 the unitary group for the same taxable year and

1 received by the taxpayer or by a member of the
2 taxpayer's unitary business group (including amounts
3 included in gross income pursuant to Sections 951
4 through 964 of the Internal Revenue Code and amounts
5 included in gross income under Section 78 of the
6 Internal Revenue Code) with respect to the stock of
7 the same person to whom the interest was paid,
8 accrued, or incurred.

9 This paragraph shall not apply to the following:

10 (i) an item of interest paid, accrued, or
11 incurred, directly or indirectly, to a person who
12 is subject in a foreign country or state, other
13 than a state which requires mandatory unitary
14 reporting, to a tax on or measured by net income
15 with respect to such interest; or

16 (ii) an item of interest paid, accrued, or
17 incurred, directly or indirectly, to a person if
18 the taxpayer can establish, based on a
19 preponderance of the evidence, both of the
20 following:

21 (a) the person, during the same taxable
22 year, paid, accrued, or incurred, the interest
23 to a person that is not a related member, and

24 (b) the transaction giving rise to the
25 interest expense between the taxpayer and the
26 person did not have as a principal purpose the

1 avoidance of Illinois income tax, and is paid
2 pursuant to a contract or agreement that
3 reflects an arm's-length interest rate and
4 terms; or

5 (iii) the taxpayer can establish, based on
6 clear and convincing evidence, that the interest
7 paid, accrued, or incurred relates to a contract
8 or agreement entered into at arm's-length rates
9 and terms and the principal purpose for the
10 payment is not federal or Illinois tax avoidance;
11 or

12 (iv) an item of interest paid, accrued, or
13 incurred, directly or indirectly, to a person if
14 the taxpayer establishes by clear and convincing
15 evidence that the adjustments are unreasonable; or
16 if the taxpayer and the Director agree in writing
17 to the application or use of an alternative method
18 of apportionment under Section 304(f).

19 Nothing in this subsection shall preclude the
20 Director from making any other adjustment
21 otherwise allowed under Section 404 of this Act
22 for any tax year beginning after the effective
23 date of this amendment provided such adjustment is
24 made pursuant to regulation adopted by the
25 Department and such regulations provide methods
26 and standards by which the Department will utilize

1 its authority under Section 404 of this Act;

2 (G-13) An amount equal to the amount of intangible
3 expenses and costs otherwise allowed as a deduction in
4 computing base income, and that were paid, accrued, or
5 incurred, directly or indirectly, (i) for taxable
6 years ending on or after December 31, 2004, to a
7 foreign person who would be a member of the same
8 unitary business group but for the fact that the
9 foreign person's business activity outside the United
10 States is 80% or more of that person's total business
11 activity and (ii) for taxable years ending on or after
12 December 31, 2008, to a person who would be a member of
13 the same unitary business group but for the fact that
14 the person is prohibited under Section 1501(a)(27)
15 from being included in the unitary business group
16 because he or she is ordinarily required to apportion
17 business income under different subsections of Section
18 304. The addition modification required by this
19 subparagraph shall be reduced to the extent that
20 dividends were included in base income of the unitary
21 group for the same taxable year and received by the
22 taxpayer or by a member of the taxpayer's unitary
23 business group (including amounts included in gross
24 income pursuant to Sections 951 through 964 of the
25 Internal Revenue Code and amounts included in gross
26 income under Section 78 of the Internal Revenue Code)

1 with respect to the stock of the same person to whom
2 the intangible expenses and costs were directly or
3 indirectly paid, incurred, or accrued. The preceding
4 sentence shall not apply to the extent that the same
5 dividends caused a reduction to the addition
6 modification required under Section 203(c)(2)(G-12) of
7 this Act. As used in this subparagraph, the term
8 "intangible expenses and costs" includes: (1)
9 expenses, losses, and costs for or related to the
10 direct or indirect acquisition, use, maintenance or
11 management, ownership, sale, exchange, or any other
12 disposition of intangible property; (2) losses
13 incurred, directly or indirectly, from factoring
14 transactions or discounting transactions; (3) royalty,
15 patent, technical, and copyright fees; (4) licensing
16 fees; and (5) other similar expenses and costs. For
17 purposes of this subparagraph, "intangible property"
18 includes patents, patent applications, trade names,
19 trademarks, service marks, copyrights, mask works,
20 trade secrets, and similar types of intangible assets.

21 This paragraph shall not apply to the following:

22 (i) any item of intangible expenses or costs
23 paid, accrued, or incurred, directly or
24 indirectly, from a transaction with a person who
25 is subject in a foreign country or state, other
26 than a state which requires mandatory unitary

1 reporting, to a tax on or measured by net income
2 with respect to such item; or

3 (ii) any item of intangible expense or cost
4 paid, accrued, or incurred, directly or
5 indirectly, if the taxpayer can establish, based
6 on a preponderance of the evidence, both of the
7 following:

8 (a) the person during the same taxable
9 year paid, accrued, or incurred, the
10 intangible expense or cost to a person that is
11 not a related member, and

12 (b) the transaction giving rise to the
13 intangible expense or cost between the
14 taxpayer and the person did not have as a
15 principal purpose the avoidance of Illinois
16 income tax, and is paid pursuant to a contract
17 or agreement that reflects arm's-length terms;
18 or

19 (iii) any item of intangible expense or cost
20 paid, accrued, or incurred, directly or
21 indirectly, from a transaction with a person if
22 the taxpayer establishes by clear and convincing
23 evidence, that the adjustments are unreasonable;
24 or if the taxpayer and the Director agree in
25 writing to the application or use of an
26 alternative method of apportionment under Section

1 304(f);

2 Nothing in this subsection shall preclude the
3 Director from making any other adjustment
4 otherwise allowed under Section 404 of this Act
5 for any tax year beginning after the effective
6 date of this amendment provided such adjustment is
7 made pursuant to regulation adopted by the
8 Department and such regulations provide methods
9 and standards by which the Department will utilize
10 its authority under Section 404 of this Act;

11 (G-14) For taxable years ending on or after
12 December 31, 2008, an amount equal to the amount of
13 insurance premium expenses and costs otherwise allowed
14 as a deduction in computing base income, and that were
15 paid, accrued, or incurred, directly or indirectly, to
16 a person who would be a member of the same unitary
17 business group but for the fact that the person is
18 prohibited under Section 1501(a)(27) from being
19 included in the unitary business group because he or
20 she is ordinarily required to apportion business
21 income under different subsections of Section 304. The
22 addition modification required by this subparagraph
23 shall be reduced to the extent that dividends were
24 included in base income of the unitary group for the
25 same taxable year and received by the taxpayer or by a
26 member of the taxpayer's unitary business group

1 (including amounts included in gross income under
2 Sections 951 through 964 of the Internal Revenue Code
3 and amounts included in gross income under Section 78
4 of the Internal Revenue Code) with respect to the
5 stock of the same person to whom the premiums and costs
6 were directly or indirectly paid, incurred, or
7 accrued. The preceding sentence does not apply to the
8 extent that the same dividends caused a reduction to
9 the addition modification required under Section
10 203(c)(2)(G-12) or Section 203(c)(2)(G-13) of this
11 Act;

12 (G-15) An amount equal to the credit allowable to
13 the taxpayer under Section 218(a) of this Act,
14 determined without regard to Section 218(c) of this
15 Act;

16 (G-16) For taxable years ending on or after
17 December 31, 2017, an amount equal to the deduction
18 allowed under Section 199 of the Internal Revenue Code
19 for the taxable year;

20 and by deducting from the total so obtained the sum of the
21 following amounts:

22 (H) An amount equal to all amounts included in
23 such total pursuant to the provisions of Sections
24 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408
25 of the Internal Revenue Code or included in such total
26 as distributions under the provisions of any

1 retirement or disability plan for employees of any
2 governmental agency or unit, or retirement payments to
3 retired partners, which payments are excluded in
4 computing net earnings from self employment by Section
5 1402 of the Internal Revenue Code and regulations
6 adopted pursuant thereto;

7 (I) The valuation limitation amount;

8 (J) An amount equal to the amount of any tax
9 imposed by this Act which was refunded to the taxpayer
10 and included in such total for the taxable year;

11 (K) An amount equal to all amounts included in
12 taxable income as modified by subparagraphs (A), (B),
13 (C), (D), (E), (F) and (G) which are exempt from
14 taxation by this State either by reason of its
15 statutes or Constitution or by reason of the
16 Constitution, treaties or statutes of the United
17 States; provided that, in the case of any statute of
18 this State that exempts income derived from bonds or
19 other obligations from the tax imposed under this Act,
20 the amount exempted shall be the interest net of bond
21 premium amortization;

22 (L) With the exception of any amounts subtracted
23 under subparagraph (K), an amount equal to the sum of
24 all amounts disallowed as deductions by (i) Sections
25 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
26 and all amounts of expenses allocable to interest and

1 disallowed as deductions by Section 265(a)(1) of the
2 Internal Revenue Code; and (ii) for taxable years
3 ending on or after August 13, 1999, Sections
4 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
5 Internal Revenue Code, plus, (iii) for taxable years
6 ending on or after December 31, 2011, Section
7 45G(e)(3) of the Internal Revenue Code and, for
8 taxable years ending on or after December 31, 2008,
9 any amount included in gross income under Section 87
10 of the Internal Revenue Code; the provisions of this
11 subparagraph are exempt from the provisions of Section
12 250;

13 (M) An amount equal to those dividends included in
14 such total which were paid by a corporation which
15 conducts business operations in a River Edge
16 Redevelopment Zone or zones created under the River
17 Edge Redevelopment Zone Act and conducts substantially
18 all of its operations in a River Edge Redevelopment
19 Zone or zones. This subparagraph (M) is exempt from
20 the provisions of Section 250;

21 (N) An amount equal to any contribution made to a
22 job training project established pursuant to the Tax
23 Increment Allocation Redevelopment Act;

24 (O) An amount equal to those dividends included in
25 such total that were paid by a corporation that
26 conducts business operations in a federally designated

1 Foreign Trade Zone or Sub-Zone and that is designated
2 a High Impact Business located in Illinois; provided
3 that dividends eligible for the deduction provided in
4 subparagraph (M) of paragraph (2) of this subsection
5 shall not be eligible for the deduction provided under
6 this subparagraph (O);

7 (P) An amount equal to the amount of the deduction
8 used to compute the federal income tax credit for
9 restoration of substantial amounts held under claim of
10 right for the taxable year pursuant to Section 1341 of
11 the Internal Revenue Code;

12 (Q) For taxable year 1999 and thereafter, an
13 amount equal to the amount of any (i) distributions,
14 to the extent includible in gross income for federal
15 income tax purposes, made to the taxpayer because of
16 his or her status as a victim of persecution for racial
17 or religious reasons by Nazi Germany or any other Axis
18 regime or as an heir of the victim and (ii) items of
19 income, to the extent includible in gross income for
20 federal income tax purposes, attributable to, derived
21 from or in any way related to assets stolen from,
22 hidden from, or otherwise lost to a victim of
23 persecution for racial or religious reasons by Nazi
24 Germany or any other Axis regime immediately prior to,
25 during, and immediately after World War II, including,
26 but not limited to, interest on the proceeds

1 receivable as insurance under policies issued to a
2 victim of persecution for racial or religious reasons
3 by Nazi Germany or any other Axis regime by European
4 insurance companies immediately prior to and during
5 World War II; provided, however, this subtraction from
6 federal adjusted gross income does not apply to assets
7 acquired with such assets or with the proceeds from
8 the sale of such assets; provided, further, this
9 paragraph shall only apply to a taxpayer who was the
10 first recipient of such assets after their recovery
11 and who is a victim of persecution for racial or
12 religious reasons by Nazi Germany or any other Axis
13 regime or as an heir of the victim. The amount of and
14 the eligibility for any public assistance, benefit, or
15 similar entitlement is not affected by the inclusion
16 of items (i) and (ii) of this paragraph in gross income
17 for federal income tax purposes. This paragraph is
18 exempt from the provisions of Section 250;

19 (R) For taxable years 2001 and thereafter, for the
20 taxable year in which the bonus depreciation deduction
21 is taken on the taxpayer's federal income tax return
22 under subsection (k) of Section 168 of the Internal
23 Revenue Code and for each applicable taxable year
24 thereafter, an amount equal to "x", where:

25 (1) "y" equals the amount of the depreciation
26 deduction taken for the taxable year on the

1 taxpayer's federal income tax return on property
2 for which the bonus depreciation deduction was
3 taken in any year under subsection (k) of Section
4 168 of the Internal Revenue Code, but not
5 including the bonus depreciation deduction;

6 (2) for taxable years ending on or before
7 December 31, 2005, "x" equals "y" multiplied by 30
8 and then divided by 70 (or "y" multiplied by
9 0.429); and

10 (3) for taxable years ending after December
11 31, 2005:

12 (i) for property on which a bonus
13 depreciation deduction of 30% of the adjusted
14 basis was taken, "x" equals "y" multiplied by
15 30 and then divided by 70 (or "y" multiplied
16 by 0.429);

17 (ii) for property on which a bonus
18 depreciation deduction of 50% of the adjusted
19 basis was taken, "x" equals "y" multiplied by
20 1.0;

21 (iii) for property on which a bonus
22 depreciation deduction of 100% of the adjusted
23 basis was taken in a taxable year ending on or
24 after December 31, 2021, "x" equals the
25 depreciation deduction that would be allowed
26 on that property if the taxpayer had made the

1 election under Section 168(k)(7) of the
2 Internal Revenue Code to not claim bonus
3 depreciation on that property; and

4 (iv) for property on which a bonus
5 depreciation deduction of a percentage other
6 than 30%, 50% or 100% of the adjusted basis
7 was taken in a taxable year ending on or after
8 December 31, 2021, "x" equals "y" multiplied
9 by 100 times the percentage bonus depreciation
10 on the property (that is, $100(\text{bonus}\%)$) and
11 then divided by 100 times 1 minus the
12 percentage bonus depreciation on the property
13 (that is, $100(1-\text{bonus}\%)$).

14 The aggregate amount deducted under this
15 subparagraph in all taxable years for any one piece of
16 property may not exceed the amount of the bonus
17 depreciation deduction taken on that property on the
18 taxpayer's federal income tax return under subsection
19 (k) of Section 168 of the Internal Revenue Code. This
20 subparagraph (R) is exempt from the provisions of
21 Section 250;

22 (S) If the taxpayer sells, transfers, abandons, or
23 otherwise disposes of property for which the taxpayer
24 was required in any taxable year to make an addition
25 modification under subparagraph (G-10), then an amount
26 equal to that addition modification.

1 If the taxpayer continues to own property through
2 the last day of the last tax year for which a
3 subtraction is allowed with respect to that property
4 under subparagraph (R) and for which the taxpayer was
5 required in any taxable year to make an addition
6 modification under subparagraph (G-10), then an amount
7 equal to that addition modification.

8 The taxpayer is allowed to take the deduction
9 under this subparagraph only once with respect to any
10 one piece of property.

11 This subparagraph (S) is exempt from the
12 provisions of Section 250;

13 (T) The amount of (i) any interest income (net of
14 the deductions allocable thereto) taken into account
15 for the taxable year with respect to a transaction
16 with a taxpayer that is required to make an addition
17 modification with respect to such transaction under
18 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
19 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
20 the amount of such addition modification and (ii) any
21 income from intangible property (net of the deductions
22 allocable thereto) taken into account for the taxable
23 year with respect to a transaction with a taxpayer
24 that is required to make an addition modification with
25 respect to such transaction under Section
26 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or

1 203(d)(2)(D-8), but not to exceed the amount of such
2 addition modification. This subparagraph (T) is exempt
3 from the provisions of Section 250;

4 (U) An amount equal to the interest income taken
5 into account for the taxable year (net of the
6 deductions allocable thereto) with respect to
7 transactions with (i) a foreign person who would be a
8 member of the taxpayer's unitary business group but
9 for the fact the foreign person's business activity
10 outside the United States is 80% or more of that
11 person's total business activity and (ii) for taxable
12 years ending on or after December 31, 2008, to a person
13 who would be a member of the same unitary business
14 group but for the fact that the person is prohibited
15 under Section 1501(a)(27) from being included in the
16 unitary business group because he or she is ordinarily
17 required to apportion business income under different
18 subsections of Section 304, but not to exceed the
19 addition modification required to be made for the same
20 taxable year under Section 203(c)(2)(G-12) for
21 interest paid, accrued, or incurred, directly or
22 indirectly, to the same person. This subparagraph (U)
23 is exempt from the provisions of Section 250;

24 (V) An amount equal to the income from intangible
25 property taken into account for the taxable year (net
26 of the deductions allocable thereto) with respect to

1 transactions with (i) a foreign person who would be a
2 member of the taxpayer's unitary business group but
3 for the fact that the foreign person's business
4 activity outside the United States is 80% or more of
5 that person's total business activity and (ii) for
6 taxable years ending on or after December 31, 2008, to
7 a person who would be a member of the same unitary
8 business group but for the fact that the person is
9 prohibited under Section 1501(a)(27) from being
10 included in the unitary business group because he or
11 she is ordinarily required to apportion business
12 income under different subsections of Section 304, but
13 not to exceed the addition modification required to be
14 made for the same taxable year under Section
15 203(c)(2)(G-13) for intangible expenses and costs
16 paid, accrued, or incurred, directly or indirectly, to
17 the same foreign person. This subparagraph (V) is
18 exempt from the provisions of Section 250;

19 (W) in the case of an estate, an amount equal to
20 all amounts included in such total pursuant to the
21 provisions of Section 111 of the Internal Revenue Code
22 as a recovery of items previously deducted by the
23 decedent from adjusted gross income in the computation
24 of taxable income. This subparagraph (W) is exempt
25 from Section 250;

26 (X) an amount equal to the refund included in such

1 total of any tax deducted for federal income tax
2 purposes, to the extent that deduction was added back
3 under subparagraph (F). This subparagraph (X) is
4 exempt from the provisions of Section 250;

5 (Y) For taxable years ending on or after December
6 31, 2011, in the case of a taxpayer who was required to
7 add back any insurance premiums under Section
8 203(c)(2)(G-14), such taxpayer may elect to subtract
9 that part of a reimbursement received from the
10 insurance company equal to the amount of the expense
11 or loss (including expenses incurred by the insurance
12 company) that would have been taken into account as a
13 deduction for federal income tax purposes if the
14 expense or loss had been uninsured. If a taxpayer
15 makes the election provided for by this subparagraph
16 (Y), the insurer to which the premiums were paid must
17 add back to income the amount subtracted by the
18 taxpayer pursuant to this subparagraph (Y). This
19 subparagraph (Y) is exempt from the provisions of
20 Section 250;

21 (Z) For taxable years beginning after December 31,
22 2018 and before January 1, 2026, the amount of excess
23 business loss of the taxpayer disallowed as a
24 deduction by Section 461(1)(1)(B) of the Internal
25 Revenue Code; and

26 (AA) For taxable years beginning on or after

1 January 1, 2023, for any cannabis establishment
2 operating in this State and licensed under the
3 Cannabis Regulation and Tax Act or any cannabis
4 cultivation center or medical cannabis dispensing
5 organization operating in this State and licensed
6 under the Compassionate Use of Medical Cannabis
7 Program Act, an amount equal to the deductions that
8 were disallowed under Section 280E of the Internal
9 Revenue Code for the taxable year and that would not be
10 added back under this subsection. The provisions of
11 this subparagraph (AA) are exempt from the provisions
12 of Section 250.

13 (BB) For taxable years beginning on or after
14 January 1, 2025, for any hemp business establishment
15 operating in this State and licensed under the
16 Industrial Hemp Act, an amount equal to 50% of the
17 income generated by the sale products made by minority
18 and other specific priority population owned
19 businesses. The provisions of this subparagraph (BB)
20 are exempt from the provisions of Section 250. For
21 purposes of this paragraph, the term "minority and
22 other specific priority population owned businesses"
23 may include, but shall not be limited to, businesses
24 51% or more owned by groups such as women, parents,
25 African-Americans, Puerto Ricans, Hispanics, Asian
26 Americans, veterans, the elderly, hemp justice or hemp

1 social equity participants as defined by the
2 Industrial Hemp Act, persons who are clients of
3 services provided by other State agencies, individuals
4 identifying as LGBTQ, persons with disabilities,
5 intravenous drug users, persons with AIDS or who are
6 HIV infected, and such other specific populations as
7 the Department may from time to time identify.

8 (3) Limitation. The amount of any modification
9 otherwise required under this subsection shall, under
10 regulations prescribed by the Department, be adjusted by
11 any amounts included therein which were properly paid,
12 credited, or required to be distributed, or permanently
13 set aside for charitable purposes pursuant to Internal
14 Revenue Code Section 642(c) during the taxable year.

15 (d) Partnerships.

16 (1) In general. In the case of a partnership, base
17 income means an amount equal to the taxpayer's taxable
18 income for the taxable year as modified by paragraph (2).

19 (2) Modifications. The taxable income referred to in
20 paragraph (1) shall be modified by adding thereto the sum
21 of the following amounts:

22 (A) An amount equal to all amounts paid or accrued
23 to the taxpayer as interest or dividends during the
24 taxable year to the extent excluded from gross income
25 in the computation of taxable income;

1 (B) An amount equal to the amount of tax imposed by
2 this Act to the extent deducted from gross income for
3 the taxable year;

4 (C) The amount of deductions allowed to the
5 partnership pursuant to Section 707 (c) of the
6 Internal Revenue Code in calculating its taxable
7 income;

8 (D) An amount equal to the amount of the capital
9 gain deduction allowable under the Internal Revenue
10 Code, to the extent deducted from gross income in the
11 computation of taxable income;

12 (D-5) For taxable years 2001 and thereafter, an
13 amount equal to the bonus depreciation deduction taken
14 on the taxpayer's federal income tax return for the
15 taxable year under subsection (k) of Section 168 of
16 the Internal Revenue Code;

17 (D-6) If the taxpayer sells, transfers, abandons,
18 or otherwise disposes of property for which the
19 taxpayer was required in any taxable year to make an
20 addition modification under subparagraph (D-5), then
21 an amount equal to the aggregate amount of the
22 deductions taken in all taxable years under
23 subparagraph (D) with respect to that property.

24 If the taxpayer continues to own property through
25 the last day of the last tax year for which a
26 subtraction is allowed with respect to that property

1 under subparagraph (O) and for which the taxpayer was
2 allowed in any taxable year to make a subtraction
3 modification under subparagraph (O), then an amount
4 equal to that subtraction modification.

5 The taxpayer is required to make the addition
6 modification under this subparagraph only once with
7 respect to any one piece of property;

8 (D-7) An amount equal to the amount otherwise
9 allowed as a deduction in computing base income for
10 interest paid, accrued, or incurred, directly or
11 indirectly, (i) for taxable years ending on or after
12 December 31, 2004, to a foreign person who would be a
13 member of the same unitary business group but for the
14 fact the foreign person's business activity outside
15 the United States is 80% or more of the foreign
16 person's total business activity and (ii) for taxable
17 years ending on or after December 31, 2008, to a person
18 who would be a member of the same unitary business
19 group but for the fact that the person is prohibited
20 under Section 1501(a)(27) from being included in the
21 unitary business group because he or she is ordinarily
22 required to apportion business income under different
23 subsections of Section 304. The addition modification
24 required by this subparagraph shall be reduced to the
25 extent that dividends were included in base income of
26 the unitary group for the same taxable year and

1 received by the taxpayer or by a member of the
2 taxpayer's unitary business group (including amounts
3 included in gross income pursuant to Sections 951
4 through 964 of the Internal Revenue Code and amounts
5 included in gross income under Section 78 of the
6 Internal Revenue Code) with respect to the stock of
7 the same person to whom the interest was paid,
8 accrued, or incurred.

9 This paragraph shall not apply to the following:

10 (i) an item of interest paid, accrued, or
11 incurred, directly or indirectly, to a person who
12 is subject in a foreign country or state, other
13 than a state which requires mandatory unitary
14 reporting, to a tax on or measured by net income
15 with respect to such interest; or

16 (ii) an item of interest paid, accrued, or
17 incurred, directly or indirectly, to a person if
18 the taxpayer can establish, based on a
19 preponderance of the evidence, both of the
20 following:

21 (a) the person, during the same taxable
22 year, paid, accrued, or incurred, the interest
23 to a person that is not a related member, and

24 (b) the transaction giving rise to the
25 interest expense between the taxpayer and the
26 person did not have as a principal purpose the

1 avoidance of Illinois income tax, and is paid
2 pursuant to a contract or agreement that
3 reflects an arm's-length interest rate and
4 terms; or

5 (iii) the taxpayer can establish, based on
6 clear and convincing evidence, that the interest
7 paid, accrued, or incurred relates to a contract
8 or agreement entered into at arm's-length rates
9 and terms and the principal purpose for the
10 payment is not federal or Illinois tax avoidance;
11 or

12 (iv) an item of interest paid, accrued, or
13 incurred, directly or indirectly, to a person if
14 the taxpayer establishes by clear and convincing
15 evidence that the adjustments are unreasonable; or
16 if the taxpayer and the Director agree in writing
17 to the application or use of an alternative method
18 of apportionment under Section 304(f).

19 Nothing in this subsection shall preclude the
20 Director from making any other adjustment
21 otherwise allowed under Section 404 of this Act
22 for any tax year beginning after the effective
23 date of this amendment provided such adjustment is
24 made pursuant to regulation adopted by the
25 Department and such regulations provide methods
26 and standards by which the Department will utilize

1 its authority under Section 404 of this Act; and

2 (D-8) An amount equal to the amount of intangible
3 expenses and costs otherwise allowed as a deduction in
4 computing base income, and that were paid, accrued, or
5 incurred, directly or indirectly, (i) for taxable
6 years ending on or after December 31, 2004, to a
7 foreign person who would be a member of the same
8 unitary business group but for the fact that the
9 foreign person's business activity outside the United
10 States is 80% or more of that person's total business
11 activity and (ii) for taxable years ending on or after
12 December 31, 2008, to a person who would be a member of
13 the same unitary business group but for the fact that
14 the person is prohibited under Section 1501(a)(27)
15 from being included in the unitary business group
16 because he or she is ordinarily required to apportion
17 business income under different subsections of Section
18 304. The addition modification required by this
19 subparagraph shall be reduced to the extent that
20 dividends were included in base income of the unitary
21 group for the same taxable year and received by the
22 taxpayer or by a member of the taxpayer's unitary
23 business group (including amounts included in gross
24 income pursuant to Sections 951 through 964 of the
25 Internal Revenue Code and amounts included in gross
26 income under Section 78 of the Internal Revenue Code)

1 with respect to the stock of the same person to whom
2 the intangible expenses and costs were directly or
3 indirectly paid, incurred or accrued. The preceding
4 sentence shall not apply to the extent that the same
5 dividends caused a reduction to the addition
6 modification required under Section 203(d)(2)(D-7) of
7 this Act. As used in this subparagraph, the term
8 "intangible expenses and costs" includes (1) expenses,
9 losses, and costs for, or related to, the direct or
10 indirect acquisition, use, maintenance or management,
11 ownership, sale, exchange, or any other disposition of
12 intangible property; (2) losses incurred, directly or
13 indirectly, from factoring transactions or discounting
14 transactions; (3) royalty, patent, technical, and
15 copyright fees; (4) licensing fees; and (5) other
16 similar expenses and costs. For purposes of this
17 subparagraph, "intangible property" includes patents,
18 patent applications, trade names, trademarks, service
19 marks, copyrights, mask works, trade secrets, and
20 similar types of intangible assets;

21 This paragraph shall not apply to the following:

22 (i) any item of intangible expenses or costs
23 paid, accrued, or incurred, directly or
24 indirectly, from a transaction with a person who
25 is subject in a foreign country or state, other
26 than a state which requires mandatory unitary

1 reporting, to a tax on or measured by net income
2 with respect to such item; or

3 (ii) any item of intangible expense or cost
4 paid, accrued, or incurred, directly or
5 indirectly, if the taxpayer can establish, based
6 on a preponderance of the evidence, both of the
7 following:

8 (a) the person during the same taxable
9 year paid, accrued, or incurred, the
10 intangible expense or cost to a person that is
11 not a related member, and

12 (b) the transaction giving rise to the
13 intangible expense or cost between the
14 taxpayer and the person did not have as a
15 principal purpose the avoidance of Illinois
16 income tax, and is paid pursuant to a contract
17 or agreement that reflects arm's-length terms;
18 or

19 (iii) any item of intangible expense or cost
20 paid, accrued, or incurred, directly or
21 indirectly, from a transaction with a person if
22 the taxpayer establishes by clear and convincing
23 evidence, that the adjustments are unreasonable;
24 or if the taxpayer and the Director agree in
25 writing to the application or use of an
26 alternative method of apportionment under Section

1 304(f);

2 Nothing in this subsection shall preclude the
3 Director from making any other adjustment
4 otherwise allowed under Section 404 of this Act
5 for any tax year beginning after the effective
6 date of this amendment provided such adjustment is
7 made pursuant to regulation adopted by the
8 Department and such regulations provide methods
9 and standards by which the Department will utilize
10 its authority under Section 404 of this Act;

11 (D-9) For taxable years ending on or after
12 December 31, 2008, an amount equal to the amount of
13 insurance premium expenses and costs otherwise allowed
14 as a deduction in computing base income, and that were
15 paid, accrued, or incurred, directly or indirectly, to
16 a person who would be a member of the same unitary
17 business group but for the fact that the person is
18 prohibited under Section 1501(a)(27) from being
19 included in the unitary business group because he or
20 she is ordinarily required to apportion business
21 income under different subsections of Section 304. The
22 addition modification required by this subparagraph
23 shall be reduced to the extent that dividends were
24 included in base income of the unitary group for the
25 same taxable year and received by the taxpayer or by a
26 member of the taxpayer's unitary business group

1 (including amounts included in gross income under
2 Sections 951 through 964 of the Internal Revenue Code
3 and amounts included in gross income under Section 78
4 of the Internal Revenue Code) with respect to the
5 stock of the same person to whom the premiums and costs
6 were directly or indirectly paid, incurred, or
7 accrued. The preceding sentence does not apply to the
8 extent that the same dividends caused a reduction to
9 the addition modification required under Section
10 203(d)(2)(D-7) or Section 203(d)(2)(D-8) of this Act;

11 (D-10) An amount equal to the credit allowable to
12 the taxpayer under Section 218(a) of this Act,
13 determined without regard to Section 218(c) of this
14 Act;

15 (D-11) For taxable years ending on or after
16 December 31, 2017, an amount equal to the deduction
17 allowed under Section 199 of the Internal Revenue Code
18 for the taxable year;

19 and by deducting from the total so obtained the following
20 amounts:

21 (E) The valuation limitation amount;

22 (F) An amount equal to the amount of any tax
23 imposed by this Act which was refunded to the taxpayer
24 and included in such total for the taxable year;

25 (G) An amount equal to all amounts included in
26 taxable income as modified by subparagraphs (A), (B),

1 (C) and (D) which are exempt from taxation by this
2 State either by reason of its statutes or Constitution
3 or by reason of the Constitution, treaties or statutes
4 of the United States; provided that, in the case of any
5 statute of this State that exempts income derived from
6 bonds or other obligations from the tax imposed under
7 this Act, the amount exempted shall be the interest
8 net of bond premium amortization;

9 (H) Any income of the partnership which
10 constitutes personal service income as defined in
11 Section 1348(b)(1) of the Internal Revenue Code (as in
12 effect December 31, 1981) or a reasonable allowance
13 for compensation paid or accrued for services rendered
14 by partners to the partnership, whichever is greater;
15 this subparagraph (H) is exempt from the provisions of
16 Section 250;

17 (I) An amount equal to all amounts of income
18 distributable to an entity subject to the Personal
19 Property Tax Replacement Income Tax imposed by
20 subsections (c) and (d) of Section 201 of this Act
21 including amounts distributable to organizations
22 exempt from federal income tax by reason of Section
23 501(a) of the Internal Revenue Code; this subparagraph
24 (I) is exempt from the provisions of Section 250;

25 (J) With the exception of any amounts subtracted
26 under subparagraph (G), an amount equal to the sum of

1 all amounts disallowed as deductions by (i) Sections
2 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
3 and all amounts of expenses allocable to interest and
4 disallowed as deductions by Section 265(a)(1) of the
5 Internal Revenue Code; and (ii) for taxable years
6 ending on or after August 13, 1999, Sections
7 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
8 Internal Revenue Code, plus, (iii) for taxable years
9 ending on or after December 31, 2011, Section
10 45G(e)(3) of the Internal Revenue Code and, for
11 taxable years ending on or after December 31, 2008,
12 any amount included in gross income under Section 87
13 of the Internal Revenue Code; the provisions of this
14 subparagraph are exempt from the provisions of Section
15 250;

16 (K) An amount equal to those dividends included in
17 such total which were paid by a corporation which
18 conducts business operations in a River Edge
19 Redevelopment Zone or zones created under the River
20 Edge Redevelopment Zone Act and conducts substantially
21 all of its operations from a River Edge Redevelopment
22 Zone or zones. This subparagraph (K) is exempt from
23 the provisions of Section 250;

24 (L) An amount equal to any contribution made to a
25 job training project established pursuant to the Real
26 Property Tax Increment Allocation Redevelopment Act;

1 (M) An amount equal to those dividends included in
2 such total that were paid by a corporation that
3 conducts business operations in a federally designated
4 Foreign Trade Zone or Sub-Zone and that is designated
5 a High Impact Business located in Illinois; provided
6 that dividends eligible for the deduction provided in
7 subparagraph (K) of paragraph (2) of this subsection
8 shall not be eligible for the deduction provided under
9 this subparagraph (M);

10 (N) An amount equal to the amount of the deduction
11 used to compute the federal income tax credit for
12 restoration of substantial amounts held under claim of
13 right for the taxable year pursuant to Section 1341 of
14 the Internal Revenue Code;

15 (O) For taxable years 2001 and thereafter, for the
16 taxable year in which the bonus depreciation deduction
17 is taken on the taxpayer's federal income tax return
18 under subsection (k) of Section 168 of the Internal
19 Revenue Code and for each applicable taxable year
20 thereafter, an amount equal to "x", where:

21 (1) "y" equals the amount of the depreciation
22 deduction taken for the taxable year on the
23 taxpayer's federal income tax return on property
24 for which the bonus depreciation deduction was
25 taken in any year under subsection (k) of Section
26 168 of the Internal Revenue Code, but not

1 including the bonus depreciation deduction;

2 (2) for taxable years ending on or before
3 December 31, 2005, "x" equals "y" multiplied by 30
4 and then divided by 70 (or "y" multiplied by
5 0.429); and

6 (3) for taxable years ending after December
7 31, 2005:

8 (i) for property on which a bonus
9 depreciation deduction of 30% of the adjusted
10 basis was taken, "x" equals "y" multiplied by
11 30 and then divided by 70 (or "y" multiplied
12 by 0.429);

13 (ii) for property on which a bonus
14 depreciation deduction of 50% of the adjusted
15 basis was taken, "x" equals "y" multiplied by
16 1.0;

17 (iii) for property on which a bonus
18 depreciation deduction of 100% of the adjusted
19 basis was taken in a taxable year ending on or
20 after December 31, 2021, "x" equals the
21 depreciation deduction that would be allowed
22 on that property if the taxpayer had made the
23 election under Section 168(k)(7) of the
24 Internal Revenue Code to not claim bonus
25 depreciation on that property; and

26 (iv) for property on which a bonus

1 depreciation deduction of a percentage other
2 than 30%, 50% or 100% of the adjusted basis
3 was taken in a taxable year ending on or after
4 December 31, 2021, "x" equals "y" multiplied
5 by 100 times the percentage bonus depreciation
6 on the property (that is, $100(\text{bonus}\%)$) and
7 then divided by 100 times 1 minus the
8 percentage bonus depreciation on the property
9 (that is, $100(1-\text{bonus}\%)$).

10 The aggregate amount deducted under this
11 subparagraph in all taxable years for any one piece of
12 property may not exceed the amount of the bonus
13 depreciation deduction taken on that property on the
14 taxpayer's federal income tax return under subsection
15 (k) of Section 168 of the Internal Revenue Code. This
16 subparagraph (O) is exempt from the provisions of
17 Section 250;

18 (P) If the taxpayer sells, transfers, abandons, or
19 otherwise disposes of property for which the taxpayer
20 was required in any taxable year to make an addition
21 modification under subparagraph (D-5), then an amount
22 equal to that addition modification.

23 If the taxpayer continues to own property through
24 the last day of the last tax year for which a
25 subtraction is allowed with respect to that property
26 under subparagraph (O) and for which the taxpayer was

1 required in any taxable year to make an addition
2 modification under subparagraph (D-5), then an amount
3 equal to that addition modification.

4 The taxpayer is allowed to take the deduction
5 under this subparagraph only once with respect to any
6 one piece of property.

7 This subparagraph (P) is exempt from the
8 provisions of Section 250;

9 (Q) The amount of (i) any interest income (net of
10 the deductions allocable thereto) taken into account
11 for the taxable year with respect to a transaction
12 with a taxpayer that is required to make an addition
13 modification with respect to such transaction under
14 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
15 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
16 the amount of such addition modification and (ii) any
17 income from intangible property (net of the deductions
18 allocable thereto) taken into account for the taxable
19 year with respect to a transaction with a taxpayer
20 that is required to make an addition modification with
21 respect to such transaction under Section
22 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
23 203(d)(2)(D-8), but not to exceed the amount of such
24 addition modification. This subparagraph (Q) is exempt
25 from Section 250;

26 (R) An amount equal to the interest income taken

1 into account for the taxable year (net of the
2 deductions allocable thereto) with respect to
3 transactions with (i) a foreign person who would be a
4 member of the taxpayer's unitary business group but
5 for the fact that the foreign person's business
6 activity outside the United States is 80% or more of
7 that person's total business activity and (ii) for
8 taxable years ending on or after December 31, 2008, to
9 a person who would be a member of the same unitary
10 business group but for the fact that the person is
11 prohibited under Section 1501(a)(27) from being
12 included in the unitary business group because he or
13 she is ordinarily required to apportion business
14 income under different subsections of Section 304, but
15 not to exceed the addition modification required to be
16 made for the same taxable year under Section
17 203(d)(2)(D-7) for interest paid, accrued, or
18 incurred, directly or indirectly, to the same person.
19 This subparagraph (R) is exempt from Section 250;

20 (S) An amount equal to the income from intangible
21 property taken into account for the taxable year (net
22 of the deductions allocable thereto) with respect to
23 transactions with (i) a foreign person who would be a
24 member of the taxpayer's unitary business group but
25 for the fact that the foreign person's business
26 activity outside the United States is 80% or more of

1 that person's total business activity and (ii) for
2 taxable years ending on or after December 31, 2008, to
3 a person who would be a member of the same unitary
4 business group but for the fact that the person is
5 prohibited under Section 1501(a)(27) from being
6 included in the unitary business group because he or
7 she is ordinarily required to apportion business
8 income under different subsections of Section 304, but
9 not to exceed the addition modification required to be
10 made for the same taxable year under Section
11 203(d)(2)(D-8) for intangible expenses and costs paid,
12 accrued, or incurred, directly or indirectly, to the
13 same person. This subparagraph (S) is exempt from
14 Section 250;

15 (T) For taxable years ending on or after December
16 31, 2011, in the case of a taxpayer who was required to
17 add back any insurance premiums under Section
18 203(d)(2)(D-9), such taxpayer may elect to subtract
19 that part of a reimbursement received from the
20 insurance company equal to the amount of the expense
21 or loss (including expenses incurred by the insurance
22 company) that would have been taken into account as a
23 deduction for federal income tax purposes if the
24 expense or loss had been uninsured. If a taxpayer
25 makes the election provided for by this subparagraph
26 (T), the insurer to which the premiums were paid must

1 add back to income the amount subtracted by the
2 taxpayer pursuant to this subparagraph (T). This
3 subparagraph (T) is exempt from the provisions of
4 Section 250; and

5 (U) For taxable years beginning on or after
6 January 1, 2023, for any cannabis establishment
7 operating in this State and licensed under the
8 Cannabis Regulation and Tax Act or any cannabis
9 cultivation center or medical cannabis dispensing
10 organization operating in this State and licensed
11 under the Compassionate Use of Medical Cannabis
12 Program Act, an amount equal to the deductions that
13 were disallowed under Section 280E of the Internal
14 Revenue Code for the taxable year and that would not be
15 added back under this subsection. The provisions of
16 this subparagraph (U) are exempt from the provisions
17 of Section 250.

18 (V) For taxable years beginning on or after
19 January 1, 2025, for any hemp business establishment
20 operating in this State and licensed under the
21 Industrial Hemp Act, an amount equal to 20% of the
22 income generated by the sale products made by minority
23 and other specific priority population owned
24 businesses. The provisions of this subparagraph are
25 exempt from the provisions of Section 250. For
26 purposes of this paragraph, the term "minority and

1 other specific priority population owned businesses"
2 may include, but shall not be limited to, businesses
3 51% or more owned by groups such as women, parents,
4 African-Americans, Puerto Ricans, Hispanics, Asian
5 Americans, veterans, the elderly, hemp justice or hemp
6 social equity participants as defined by the
7 Industrial Hemp Act, persons who are clients of
8 services provided by other State agencies, individuals
9 identifying as LGBTQ, persons with disabilities,
10 intravenous drug users, persons with AIDS or who are
11 HIV infected, and such other specific populations as
12 the Department may from time to time identify.

13 (e) Gross income; adjusted gross income; taxable income.

14 (1) In general. Subject to the provisions of paragraph
15 (2) and subsection (b)(3), for purposes of this Section
16 and Section 803(e), a taxpayer's gross income, adjusted
17 gross income, or taxable income for the taxable year shall
18 mean the amount of gross income, adjusted gross income or
19 taxable income properly reportable for federal income tax
20 purposes for the taxable year under the provisions of the
21 Internal Revenue Code. Taxable income may be less than
22 zero. However, for taxable years ending on or after
23 December 31, 1986, net operating loss carryforwards from
24 taxable years ending prior to December 31, 1986, may not
25 exceed the sum of federal taxable income for the taxable

1 year before net operating loss deduction, plus the excess
2 of addition modifications over subtraction modifications
3 for the taxable year. For taxable years ending prior to
4 December 31, 1986, taxable income may never be an amount
5 in excess of the net operating loss for the taxable year as
6 defined in subsections (c) and (d) of Section 172 of the
7 Internal Revenue Code, provided that when taxable income
8 of a corporation (other than a Subchapter S corporation),
9 trust, or estate is less than zero and addition
10 modifications, other than those provided by subparagraph
11 (E) of paragraph (2) of subsection (b) for corporations or
12 subparagraph (E) of paragraph (2) of subsection (c) for
13 trusts and estates, exceed subtraction modifications, an
14 addition modification must be made under those
15 subparagraphs for any other taxable year to which the
16 taxable income less than zero (net operating loss) is
17 applied under Section 172 of the Internal Revenue Code or
18 under subparagraph (E) of paragraph (2) of this subsection
19 (e) applied in conjunction with Section 172 of the
20 Internal Revenue Code.

21 (2) Special rule. For purposes of paragraph (1) of
22 this subsection, the taxable income properly reportable
23 for federal income tax purposes shall mean:

24 (A) Certain life insurance companies. In the case
25 of a life insurance company subject to the tax imposed
26 by Section 801 of the Internal Revenue Code, life

1 insurance company taxable income, plus the amount of
2 distribution from pre-1984 policyholder surplus
3 accounts as calculated under Section 815a of the
4 Internal Revenue Code;

5 (B) Certain other insurance companies. In the case
6 of mutual insurance companies subject to the tax
7 imposed by Section 831 of the Internal Revenue Code,
8 insurance company taxable income;

9 (C) Regulated investment companies. In the case of
10 a regulated investment company subject to the tax
11 imposed by Section 852 of the Internal Revenue Code,
12 investment company taxable income;

13 (D) Real estate investment trusts. In the case of
14 a real estate investment trust subject to the tax
15 imposed by Section 857 of the Internal Revenue Code,
16 real estate investment trust taxable income;

17 (E) Consolidated corporations. In the case of a
18 corporation which is a member of an affiliated group
19 of corporations filing a consolidated income tax
20 return for the taxable year for federal income tax
21 purposes, taxable income determined as if such
22 corporation had filed a separate return for federal
23 income tax purposes for the taxable year and each
24 preceding taxable year for which it was a member of an
25 affiliated group. For purposes of this subparagraph,
26 the taxpayer's separate taxable income shall be

1 determined as if the election provided by Section
2 243(b)(2) of the Internal Revenue Code had been in
3 effect for all such years;

4 (F) Cooperatives. In the case of a cooperative
5 corporation or association, the taxable income of such
6 organization determined in accordance with the
7 provisions of Section 1381 through 1388 of the
8 Internal Revenue Code, but without regard to the
9 prohibition against offsetting losses from patronage
10 activities against income from nonpatronage
11 activities; except that a cooperative corporation or
12 association may make an election to follow its federal
13 income tax treatment of patronage losses and
14 nonpatronage losses. In the event such election is
15 made, such losses shall be computed and carried over
16 in a manner consistent with subsection (a) of Section
17 207 of this Act and apportioned by the apportionment
18 factor reported by the cooperative on its Illinois
19 income tax return filed for the taxable year in which
20 the losses are incurred. The election shall be
21 effective for all taxable years with original returns
22 due on or after the date of the election. In addition,
23 the cooperative may file an amended return or returns,
24 as allowed under this Act, to provide that the
25 election shall be effective for losses incurred or
26 carried forward for taxable years occurring prior to

1 the date of the election. Once made, the election may
2 only be revoked upon approval of the Director. The
3 Department shall adopt rules setting forth
4 requirements for documenting the elections and any
5 resulting Illinois net loss and the standards to be
6 used by the Director in evaluating requests to revoke
7 elections. Public Act 96-932 is declaratory of
8 existing law;

9 (G) Subchapter S corporations. In the case of: (i)
10 a Subchapter S corporation for which there is in
11 effect an election for the taxable year under Section
12 1362 of the Internal Revenue Code, the taxable income
13 of such corporation determined in accordance with
14 Section 1363(b) of the Internal Revenue Code, except
15 that taxable income shall take into account those
16 items which are required by Section 1363(b)(1) of the
17 Internal Revenue Code to be separately stated; and
18 (ii) a Subchapter S corporation for which there is in
19 effect a federal election to opt out of the provisions
20 of the Subchapter S Revision Act of 1982 and have
21 applied instead the prior federal Subchapter S rules
22 as in effect on July 1, 1982, the taxable income of
23 such corporation determined in accordance with the
24 federal Subchapter S rules as in effect on July 1,
25 1982; and

26 (H) Partnerships. In the case of a partnership,

1 taxable income determined in accordance with Section
2 703 of the Internal Revenue Code, except that taxable
3 income shall take into account those items which are
4 required by Section 703(a)(1) to be separately stated
5 but which would be taken into account by an individual
6 in calculating his taxable income.

7 (3) Recapture of business expenses on disposition of
8 asset or business. Notwithstanding any other law to the
9 contrary, if in prior years income from an asset or
10 business has been classified as business income and in a
11 later year is demonstrated to be non-business income, then
12 all expenses, without limitation, deducted in such later
13 year and in the 2 immediately preceding taxable years
14 related to that asset or business that generated the
15 non-business income shall be added back and recaptured as
16 business income in the year of the disposition of the
17 asset or business. Such amount shall be apportioned to
18 Illinois using the greater of the apportionment fraction
19 computed for the business under Section 304 of this Act
20 for the taxable year or the average of the apportionment
21 fractions computed for the business under Section 304 of
22 this Act for the taxable year and for the 2 immediately
23 preceding taxable years.

24 (f) Valuation limitation amount.

25 (1) In general. The valuation limitation amount

1 referred to in subsections (a) (2) (G), (c) (2) (I) and
2 (d) (2) (E) is an amount equal to:

3 (A) The sum of the pre-August 1, 1969 appreciation
4 amounts (to the extent consisting of gain reportable
5 under the provisions of Section 1245 or 1250 of the
6 Internal Revenue Code) for all property in respect of
7 which such gain was reported for the taxable year;
8 plus

9 (B) The lesser of (i) the sum of the pre-August 1,
10 1969 appreciation amounts (to the extent consisting of
11 capital gain) for all property in respect of which
12 such gain was reported for federal income tax purposes
13 for the taxable year, or (ii) the net capital gain for
14 the taxable year, reduced in either case by any amount
15 of such gain included in the amount determined under
16 subsection (a) (2) (F) or (c) (2) (H).

17 (2) Pre-August 1, 1969 appreciation amount.

18 (A) If the fair market value of property referred
19 to in paragraph (1) was readily ascertainable on
20 August 1, 1969, the pre-August 1, 1969 appreciation
21 amount for such property is the lesser of (i) the
22 excess of such fair market value over the taxpayer's
23 basis (for determining gain) for such property on that
24 date (determined under the Internal Revenue Code as in
25 effect on that date), or (ii) the total gain realized
26 and reportable for federal income tax purposes in

1 respect of the sale, exchange or other disposition of
2 such property.

3 (B) If the fair market value of property referred
4 to in paragraph (1) was not readily ascertainable on
5 August 1, 1969, the pre-August 1, 1969 appreciation
6 amount for such property is that amount which bears
7 the same ratio to the total gain reported in respect of
8 the property for federal income tax purposes for the
9 taxable year, as the number of full calendar months in
10 that part of the taxpayer's holding period for the
11 property ending July 31, 1969 bears to the number of
12 full calendar months in the taxpayer's entire holding
13 period for the property.

14 (C) The Department shall prescribe such
15 regulations as may be necessary to carry out the
16 purposes of this paragraph.

17 (g) Double deductions. Unless specifically provided
18 otherwise, nothing in this Section shall permit the same item
19 to be deducted more than once.

20 (h) Legislative intention. Except as expressly provided by
21 this Section there shall be no modifications or limitations on
22 the amounts of income, gain, loss or deduction taken into
23 account in determining gross income, adjusted gross income or
24 taxable income for federal income tax purposes for the taxable

1 year, or in the amount of such items entering into the
2 computation of base income and net income under this Act for
3 such taxable year, whether in respect of property values as of
4 August 1, 1969 or otherwise.

5 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;
6 102-658, eff. 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff.
7 12-21-22; 103-8, eff. 6-7-23; 103-478, eff. 1-1-24; revised
8 9-26-23.)

9 Section 10. The Liquor Control Act of 1934 is amended by
10 adding Section 6-29.2 as follows:

11 (235 ILCS 5/6-29.2 new)

12 Sec. 6-29.2. Hemp products.

13 (a) Hemp extract, hemp cannabinoid products, and any other
14 ingredient or product derived from hemp made in compliance
15 with State law or the originating jurisdiction shall be
16 considered fit for human consumption and shall not be
17 considered injurious to health or deleterious for human
18 consumption.

19 (b) License holders under this Act may buy, import,
20 manufacture, produce, possess, hold, distribute, transport,
21 transfer, sell, serve, sample, dispense, deliver, merchandise,
22 and advertise, hemp cannabinoid products and any other act in
23 compliance with this Section.

24 (c) Nothing in this Act:

1 (1) prohibits the issuance of a license or permit to a
2 person also holding a hemp business establishment license
3 authorizing the manufacture, distribution, or retail sale
4 of cannabinoid products as described in the Industrial
5 Hemp Act;

6 (2) allows any agreement between a licensing authority
7 and license or permit holder that prohibits the license or
8 permit holder from also holding a hemp manufacturer,
9 distributor, or retailer license; or

10 (3) allows the revocation or suspension of a license
11 or permit, or the imposition of a penalty on a license or
12 permit holder, due to the license or permit holder also
13 holding a hemp business license.

14 (d) For purposes of this Section, "hemp business license"
15 means a hemp distributor, hemp cultivator, hemp processor,
16 hemp retailer, or hemp food establishment license issued under
17 the Industrial Hemp Act.

18 (e) For purposes of this Section, "hemp cannabinoid
19 product" means a finished product for sale to hemp-cannabinoid
20 users or medical patients within the State that contains
21 cannabinoids derived from industrial hemp and is intended for
22 human consumption, and meets the packaging, labeling, and
23 testing requirements of the Industrial Hemp Act.

24 (f) For purposes of this Section, "hemp extract" means a
25 substance or compound intended for ingestion or inhalations
26 that is derived from or contains hemp and that does not contain

1 other controlled substances.

2 Section 15. The Industrial Hemp Act is amended by changing
3 Sections 5, 10, 15, 17, 18, 19, 20, and 25 and by adding
4 Sections 3, 7, 8, 8-5, 11, 16, 18.5, 18.10, 21, 22, 22.5,
5 22.10, 22.15, 23, 23.10, 23.15, 23.20, 23.25, 23.30, 23.35,
6 24, 26, 27, 28, 30, 35, 40, 45, 50, 55, 60, 65, 80, and 100 as
7 follows:

8 (505 ILCS 89/3 new)

9 Sec. 3. Findings.

10 (a) In the interest of allowing law enforcement to focus
11 on violent and property crimes, generating revenue for
12 education, substance abuse prevention and treatment, freeing
13 public resources to invest in communities and other public
14 purposes, and individual freedom, the General Assembly finds
15 and declares that the use of hemp-derived cannabinoids should
16 be legal for persons 21 years of age or older and should be
17 taxed and regulated in a manner similar to beer, wine,
18 spirits, and cannabis.

19 (b) In the interest of the health and public safety of the
20 residents of the State, the General Assembly further finds and
21 declares that hemp-derived cannabinoids should be regulated in
22 a manner similar to beer, wine, spirits, and cannabis so that:

23 (1) Persons will have to show proof of age before
24 purchasing hemp-derived cannabinoids.

1 (2) Selling, distributing or transferring hemp-derived
2 cannabinoids to minors and other persons under 21 years of
3 age shall be illegal, except for limited circumstances
4 where the transfer is made by a parent or guardian to their
5 children, or the transfer is to a medical patient under
6 the Compassionate Use of Medical Cannabis Program Act.

7 (3) Driving under the influence of hemp-derived
8 cannabinoids, operating a watercraft under the influence
9 of hemp-derived cannabinoids and operating a snowmobile
10 under the influence of hemp-derived cannabinoids shall be
11 illegal.

12 (4) Legitimate, taxpaying businesspeople, and not
13 criminal actors, will conduct the sales of hemp-derived
14 cannabinoids.

15 (5) Hemp-derived cannabinoids sold in the State will
16 be tested, labeled and subject to additional regulation to
17 ensure that purchasers are informed and protected.

18 (6) Purchasers will be informed of known health risks
19 associated with the use of hemp-derived cannabinoids, as
20 concluded by evidence-based, peer reviewed research.

21 (c) It is necessary to ensure consistency and fairness in
22 the application of this Act throughout the State and that,
23 therefore, the matters by this Act are, except as specified in
24 this Act, matters of statewide concern.

25 (d) This Act shall not diminish the State's duties and
26 commitment to purchasers and businesses that operate under the

1 Cannabis Regulation and Tax Act, nor alter the protections
2 granted to them.

3 (e) This Act shall not diminish the State's duties and
4 commitment to seriously ill patients registered under the
5 Compassionate Use of Medical Cannabis Program Act, nor alter
6 the protections granted to them.

7 (f) Supporting and encouraging labor neutrality in the
8 hemp-derived cannabinoid industry and employee workplace
9 safety is desirable, and employer workplace policies shall be
10 interpreted broadly to protect employee safety.

11 (505 ILCS 89/5)

12 Sec. 5. Definitions. In this Act:

13 "Batch" means a specific quantity of a specific
14 cannabinoid product that is manufactured at the same time and
15 using the same methods, equipment, and ingredients, that is
16 uniform and intended to meet specifications for identity,
17 strength, purity, and composition, and that is manufactured,
18 packaged, and labeled according to a single batch production
19 record executed and documented during the same cycle of
20 manufacture and produced by a continuous process.

21 "Batch cycle" means a specific quantity of a specific
22 cannabinoid product that is manufactured using the same
23 methods, equipment, and ingredients, that is uniform and
24 intended to meet specifications for identity, strength,
25 purity, and composition, and that is manufactured, packaged,

1 and labeled according to a batch cycle production record
2 executed and documented during the same cycle of manufacture.

3 "Broad spectrum" means a hemp concentrate, or hemp
4 cannabinoid product containing multiple hemp-derived
5 cannabinoids, terpenes, and other naturally occurring
6 compounds, processed with the intentional removal of delta-9
7 Tetrahydrocannabinol.

8 "Cannabinoid menu item" means a restaurant-type food that
9 incorporates ready-to-eat cannabinoids included on a menu or
10 menu board or offered as a self-service food or food on
11 display.

12 "Cannabinoid retail tax" means a tax of 5% that is
13 assessed on the final retail sale on qualified products.

14 "Cottage hemp-cannabinoid products" means a type of
15 hemp-cannabinoid product available for human consumption
16 (including time and temperature controlled foods as defined in
17 Section 1-201.10 of the Food Code that utilize intermediate
18 hemp products as an input and is produced by a cottage hemp
19 food operator. Cottage hemp-cannabinoid products can only be
20 sold directly to hemp cannabinoid users or medical patients
21 within the State and must contain delta-9 THC levels below
22 0.3% by weight.

23 "Cottage hemp food operator" means an individual who
24 produces food or drink, other than foods and drinks listed as
25 prohibited by Section 4 of the Food Handling Regulation
26 Enforcement Act, that incorporate intermediate hemp products

1 in a kitchen located in that person's primary domestic
2 residence or another appropriately designed and equipped
3 kitchen on a farm for direct sale by the individual, a family
4 member or employee. Cottage food operators must disclose that
5 prepared ready-to-eat hemp cannabinoid products are "cottage"
6 and adhere to the labeling & disclosure requirements as
7 outlined in the act. Cottage hemp food operators are limited
8 to using the equivalent of 1,000g of delta-9 THC contained in
9 intermediate hemp products on an annual basis and must
10 register with a hemp distributor, who is responsible for
11 collecting and remitting hemp-cannabinoid taxes on behalf of
12 the cottage hemp food operator. Cottage hemp food products
13 cannot be sold to other hemp business establishments.

14 "Department" means the Department of Agriculture (IDOA),
15 the Department of Public Health (IDPH), or the Illinois
16 Department of Financial and Professional Regulation (IDFPR)
17 from which the concerned hemp cannabinoid business
18 establishment secured its registration.

19 "Director" means the Director of Agriculture with
20 jurisdiction over the licensee or registrant as specified in
21 this Act.

22 "Disproportionately impacted area" means a census tract or
23 comparable geographic area as determined by the Department of
24 Commerce and Economic Opportunity, that meets at least one of
25 the following criteria:

26 (1) 20% or more of the households in the area have

1 incomes at or below 185% of the poverty guidelines updated
2 periodically in the federal register by the federal
3 Department of Health and Human Services under the
4 authority of Section 9902 of the Community Services Block
5 Grant Program;

6 (2) 75% or more of the children in the area
7 participate in the national school lunch program according
8 to reported statistics from the State Board of Education;

9 (3) at least 20% of the households in the area receive
10 assistance under the Supplemental Nutrition Assistance
11 Program; or

12 (4) the area has an average unemployment rate, as
13 determined by the Department of Employment Security, that
14 is more than 120% of the national employment average, as
15 determined by the federal Department of Labor, for a
16 period of at least 2 consecutive calendar years preceding
17 the date of the application and has high rates or arrest,
18 conviction, and incarceration related to the sale,
19 possession, use, cultivation, manufacture, or transport of
20 cannabis as defined under the Cannabis Regulation and Tax
21 Act.

22 "Expiration date" or "use by date" means the month and
23 year as determined by the manufacturer, packer, or
24 distributor on the basis of tests or other information
25 showing that the product, until that date, under the
26 conditions of handling, storage, preparation, and use per

1 label directions will, when consumed, contain not less
2 than the quantity of each ingredient as set forth on its
3 label.

4 "Full-panel test" means a test that includes potency
5 testing and tests for contaminants, such as pesticides,
6 heavy metals, yeast, mold, and residual solvents.

7 "Full spectrum" means a hemp concentrate or hemp
8 cannabinoid product containing multiple hemp-derived
9 cannabinoids, terpenes, and other naturally occurring
10 compounds, processed without intentional complete removal
11 of any compound and without the addition of isolated
12 cannabinoids.

13 "Hemp" or "industrial hemp" means the plant Cannabis
14 sativa L. and any part of that plant, whether growing or not,
15 with a delta-9 tetrahydrocannabinol concentration of not more
16 than 0.3 percent on a dry weight basis that has been cultivated
17 under a license issued under this Act or is otherwise lawfully
18 present in this State ~~and includes any intermediate or~~
19 ~~finished product made or derived from industrial hemp.~~

20 "Hemp business establishment" or "industrial hemp business
21 establishment" means a hemp cultivator, hemp processor, hemp
22 distributor, hemp retailer, hemp food establishment or cottage
23 hemp food operator.

24 "Hemp-cannabinoid" means the chemical constituents of
25 industrial hemp plants that are naturally occurring and
26 derived from hemp plants with less than 0.3% delta-9 THC as

1 tested on a dry weight basis.

2 "Hemp-cannabinoid product" means a finished product for
3 sale to hemp-cannabinoid users or medical patients within the
4 State that contains cannabinoids derived from industrial hemp,
5 is intended for human consumption, and meets the packaging,
6 labeling, and testing requirements of this Act.

7 "Hemp-cannabinoid user" means a member of the general
8 public who buys or uses goods and who is protected by laws
9 against unfair or fraudulent practices in the marketplace.

10 "Hemp concentrate" means the extracts and resins of a hemp
11 plant or hemp plant parts, including the extracts or resins of
12 a hemp plant or hemp plant parts that are refined to increase
13 or decrease the presence of targeted cannabinoids.

14 "Hemp cultivator" means a State farm or facility operated
15 by an organization or business that is licensed by the
16 Department of Agriculture to grow industrial hemp. Hemp
17 cultivator facilities can be located outdoors, in greenhouses
18 or indoors and can be located on residentially zoned
19 properties in accordance with permitted agricultural use
20 guidelines from local zoning ordinances.

21 "Hemp distributor" means a facility operated by an
22 organization or business that is licensed by the Department of
23 Financial and Professional Regulation to distribute or sell
24 live hemp products and hemp-cannabinoid products to other hemp
25 business establishments.

26 "Hemp extract" means a substance or compound intended for

1 ingestion or inhalations that is derived from or contains hemp
2 and that does not contain other controlled substances.

3 "Hemp food establishment" means a facility regulated by
4 the Department of Public Health (IDPH) that incorporates
5 intermediate hemp products in the manufacturing, processing or
6 preparation of pre-packaged or ready-to-eat hemp cannabinoid
7 products intended for human ingestion and which meets the
8 requirements of this Act. Hemp food establishments that obtain
9 a hemp retailer license, are licensed as retail food
10 establishments and who adhere to the additional requirements
11 of this act can sell ready-to-eat hemp cannabinoid products to
12 hemp cannabinoid users or medical patients.

13 "Hemp justice participant" means an individual who is an
14 State resident and has been convicted of a non-violent felony
15 relating to a controlled substance under State or federal law
16 related to cannabis within the last 10 years before the
17 enactment of this statute that is prohibited by either Section
18 297C of the 2018 Farm Bill to participate in an industrial hemp
19 program or by Section 297D(a) of the 2018 Farm Bill to produce
20 hemp under any regulations or guidelines.

21 "Hemp microgreens" means immature hemp seedlings grown for
22 human consumption that are harvested above the soil or
23 substrate line, prior to flowering, and not more than 14 days
24 after germination and no more than five inches in height

25 "Hemp processor" means a facility operated by an
26 organization or business that is licensed by the Department of

1 Agriculture to convert raw industrial hemp material into
2 processed hemp products or intermediate hemp products.
3 Processing includes the extraction, synthesis or concentration
4 of constituent chemicals and compounds from raw hemp or
5 intermediate hemp products.

6 "Hemp production plan" means a plan submitted by the
7 Department to the Secretary of the United States Department of
8 Agriculture pursuant to the federal Agriculture Improvement
9 Act of 2018, Public Law 115-334, and consistent with the
10 Domestic Hemp Production Program pursuant to 7 CFR Part 990
11 wherein the Department establishes its desire to have primary
12 regulatory authority over the production of hemp.

13 "Hemp retailer" means a retailer operated by an
14 organization or business that is licensed by the Department of
15 Financial and Professional Regulation to sell live hemp
16 products, or hemp-cannabinoid products to hemp cannabinoid
17 users or medical patients. Hemp retailers are responsible for
18 collecting and remitting hemp-cannabinoid taxes.

19 "Hemp social equity participant" means an individual who
20 is a State resident or business entity in the State that meets
21 one or a combination of any the following criteria: (1) an
22 applicant with at least 51% ownership and control by one or
23 more individuals who have resided for at least 5 of the
24 preceding 10 years in a disproportionately impacted area, (2)
25 an applicant with at least 51% ownership and control by one or
26 more individuals who: (i) have been arrested for, convicted

1 of, or adjudicated delinquent for any offense that is eligible
2 for expungement under the Cannabis Regulation and Tax Act; or
3 (ii) is a member of an impacted family.

4 "Human consumption" means inhalation or ingestion and does
5 not include topical application.

6 "IDFPR" means the Department of Financial & Professional
7 Regulation that regulates hemp retailers to ensure the
8 protection of public consumers.

9 "IDPH" means the Department of Public Health that
10 regulates hemp food establishments in order to set food safety
11 standards and monitor food products.

12 "Illinois hemp" means industrial hemp grown, processed or
13 produced by hemp business establishments licensed and located
14 within the State under this Act. The "Illinois hemp"
15 designation can be applied to live hemp products, raw hemp
16 products, intermediate hemp products and hemp-cannabinoid
17 products. In order to maintain the "Illinois hemp"
18 designation, hemp-cannabinoid and intermediate hemp products
19 must be produced in the State and cannot incorporate any form
20 of imported hemp. In the event that federal rules disallow
21 certain provisions of these rules (e.g., hemp program justice
22 participants or individuals with non-violent state or federal
23 controlled substance felony convictions within the last 10
24 years who are prohibited from participating in industrial hemp
25 programs or possessing ownership or controlling management
26 stake in an hemp business establishment), "Illinois hemp"

1 business establishments will have the option to legally
2 produce, process and distribute "Illinois hemp" within the
3 State provided that they do not export "Illinois hemp".

4 "Imported hemp" means industrial hemp that incorporates
5 raw hemp or intermediate hemp products not produced in
6 Illinois.

7 "Ingestion" means the process of consuming cannabinoid
8 products through the mouth, whether by swallowing into the
9 gastrointestinal system or through tissue absorption.

10 "Inhalation" means the process of consuming cannabinoid
11 products through the mouth or nasal passages into the
12 respiratory system.

13 "Intermediate hemp products" means products that are made
14 from processed hemp that can only be sold to hemp business
15 establishments to be used as ingredients for other
16 intermediate hemp products or final hemp-cannabinoid products
17 for human consumption (ingestion or inhalation). The 0.3%
18 delta-9 THC limit does not apply for intermediate hemp
19 products.

20 "Isolate-based" means a hemp concentrate or hemp
21 cannabinoid product containing isolated hemp-derived
22 cannabinoids as the only cannabinoid source.

23 "Labor peace agreement" means an agreement between a hemp
24 business establishment and any labor organization recognized
25 under the federal Labor Relations Act, referred to in this Act
26 as a bona fide labor organization, that prohibits labor

1 organizations and members from engaging in picketing, work
2 stoppages, boycotts, and any other economic interference with
3 the hemp business establishment. This agreement means that the
4 hemp business establishment has agreed not to disrupt efforts
5 by the bona fide labor organization to communicate with, and
6 attempt to organize and represent, the hemp business
7 establishment's employees. The agreement shall provide a bona
8 fide labor organization access at reasonable times to areas in
9 which the hemp business establishment's employees work, for
10 the purpose of meeting with employees to discuss their right
11 to representation, employment rights under State law, and
12 terms and conditions of employment. This type of agreement
13 shall not mandate a particular method of election or
14 certification of the bona fide labor organization.

15 "IDOA" means the Illinois Department of Agriculture.

16 "Land area" means a farm as defined in Section 1-60 of the
17 Property Tax Code, land otherwise properly zoned for hemp
18 cultivation in this State or land or facilities under the
19 control of an institution of higher education.

20 "Live hemp products" means living plants, plant cuttings,
21 viable seeds or tissue culture that can be used to propagate
22 new industrial hemp plants. A representative sample of the
23 live hemp material must test under 0.3 percent delta-9 THC by
24 weight using high performance liquid chromatography (HPLC) or
25 comparable technologies capable of identifying delta-9 THC
26 separately from other cannabinoids. Live hemp material can

1 only be sold or transferred to other hemp cultivators or
2 medical patients.

3 "Manufacturing" means preparing or packaging products
4 consisting of or containing hemp extract intended for human
5 consumption.

6 "Medical patient" means an individual that has been issued
7 a medical card under the Compassionate Use of Medical Cannabis
8 Program Act. Medical patients are allowed to purchase live
9 hemp products and to grow at their residence under the
10 Cannabis Regulation and Tax Act. Medical patients under the
11 age of 21 are authorized to purchase Hemp-cannabinoid
12 products.

13 "Menu" or "menu board" means the primary writing of the
14 establishment from which a customer makes an order selection,
15 including, but not limited to, breakfast, lunch and dinner
16 menus, dessert menus, beverage menus, other specialty menus,
17 electronic menus, and menus on the Internet.

18 "Ornamental hemp" means mature or immature hemp plants
19 that are not grown for human consumption and will not be
20 harvested for any purposes except disposal.

21 "Person" means any individual, partnership, firm,
22 corporation, company, society, association, the State or any
23 department, agency, or subdivision thereof, or any other
24 entity.

25 "Potency test" means a test on hemp-derived products that
26 measures the number and amount of cannabinoids, such as THC,

1 in a sample.

2 "Process" means the conversion of raw industrial hemp
3 plant material into a form that is presently legal to import
4 from outside the United States under federal law.

5 "Processor" or "extractor" means the establishment that
6 removes the hemp extract oil from the hemp plant or refines or
7 isomerizes the hemp extract oil into other cannabinoids.

8 "Processed hemp products" means products that are derived
9 from industrial hemp that are made for purposes other than
10 human consumption. They include hemp fibers, hemp hurd,
11 hempcrete, hemp fuels, hemp topicals and lotions, as well as
12 other products, like clothing, plastics, paper or textiles
13 that use or may incorporate elements of industrial hemp.

14 "Raw hemp products" means products that are derived from
15 industrial hemp that are not processed or refined with any
16 solvents or chemical reactions. Raw hemp includes hulled hemp
17 seed, hemp seed protein powder, hemp seed oil, hemp stalks,
18 hemp leaves, and artwork incorporating hemp by-products. Raw
19 hemp products can be sold by any legal business entity within
20 the State, can be purchased by any member of the general public
21 and are not subject to hemp-cannabinoid product taxes.

22 "Ready-to-eat hemp-cannabinoid products" means a type of
23 hemp-cannabinoid product available for human consumption
24 (including time and temperature controlled foods as defined in
25 Section 1-201.10 of the federal Food Code) that use
26 intermediate hemp products as an input as is produced as a

1 single serving in a retail food establishment. Ready-to-eat
2 hemp products must be registered per the guidelines of this
3 Act and can only be sold directly to hemp cannabinoid users or
4 medical patients within the State.

5 "Retail sale" or "at retail" means any sale of cannabinoid
6 products that would be subject to the Retailer's Occupation
7 Tax Act.

8 "Serving" or "serving size" means the amount of product
9 intended to be consumed in a single serving as declared on the
10 label expressed in a common household measure. A serving size
11 may be indicated by marking or scoring on packaging or
12 labeling.

13 "THC" means delta-9 tetrahydrocannabinol. The definition
14 of THC does not include CBD, CBG, CBN, delta-7 THC, delta-8
15 THC, delta-10 THC, THCa, THCv, THCva, and other yet to be
16 discovered cannabinoids.

17 (Source: P.A. 102-690, eff. 12-17-21.)

18 (505 ILCS 89/7 new)

19 Sec. 7. Lawful user and lawful product.

20 (a) For the purposes of this Act and to clarify the
21 legislative findings on the lawful use of hemp-derived
22 cannabinoids, a person shall not be considered an unlawful
23 user or addicted to narcotics solely as a result of their
24 possession or use of hemp-derived cannabinoids in accordance
25 with this Act.

1 (b) Hemp extract used as a food ingredient or for any food
2 products that are possessed, distributed, or sold in
3 compliance with this Act shall not be considered adulterated
4 or misbranded food products and shall be considered food.

5 (c) The Department shall permit the sale or transfer of
6 stripped stalks, fiber, dried roots, nonviable seeds, seed
7 oils, floral material, and plant extracts and other marketable
8 hemp products in compliance with this Act to members of the
9 general public, both within and outside the State in
10 compliance with this Act.

11 (d) Lawful products may be transported by consumers.
12 Lawful products may not be used as the basis to pull over or
13 inspect a vehicle.

14 (e) Unless otherwise stated in this Act, the effective
15 date is January 1, 2025. Notwithstanding the foregoing,
16 persons shall be able to legally possess, cultivate,
17 transport, distribute, process, sell, and buy food products
18 (including beverages) which contain a delta-9 THC
19 concentration of not more than 0.3 percent by weight upon
20 passage of this Act.

21 (505 ILCS 89/8 new)

22 Sec. 8. Unlawful user; persons under 21 years of age.

23 (a) Nothing in this Act is intended to permit the transfer
24 of hemp cannabinoid product, with or without remuneration, to
25 a person under 21 years of age, or to allow a person under 21

1 years of age to purchase, possess, use, process, transport, or
2 consume hemp-cannabinoid products unless the person is:

3 (1) Over the age of 18 and in possession of a valid
4 medical card;

5 (2) or over the age of 18 and in possession of a valid
6 military ID; or

7 (3) Under the supervision of a parent or legal
8 guardian.

9 (b) Notwithstanding section 8-0(a)a-b, nothing in this Act
10 authorizes a person who is under 21 years of age to possess
11 hemp-cannabinoid products. A person under 21 years of age with
12 hemp cannabinoid products in his or her possession is guilty
13 of a civil law violation as outlined in Section 4 of the
14 Cannabis Control Act.

15 Notwithstanding the foregoing, an individual over the age
16 of 18 and in possession of a valid medical card, or over the
17 age of 18 and in possession of a valid military ID, or a parent
18 or guardian may purchase, possess, process, or transport
19 hemp-cannabinoid products.

20 (c) If the person under the age of 21 was driving a motor
21 vehicle at the time of the offense, the Secretary of State may
22 suspend or revoke the driving privileges of any person for a
23 violation of this Section under Section 6-206 of the Vehicle
24 Code.

1 Sec. 8-5. Unlawful user; limitations and penalties.

2 (a) This Act does not permit any person to engage in, and
3 does not prevent the imposition of any civil, criminal, or
4 other penalties for engaging in, any of the following conduct:

5 (1) Undertaking any task under the influence of hemp
6 cannabinoid products when doing so would constitute
7 negligence, professional malpractice, or professional
8 misconduct.

9 (2) Possessing hemp cannabinoid products in the
10 following places:

11 (A) on a school bus, unless permitted for a
12 qualifying patient or caregiver pursuant to the
13 Compassionate Use of Medical Cannabis Program Act;

14 (B) on the grounds of any preschool or primary or
15 secondary school, unless permitted for a qualifying
16 patient or caregiver pursuant to the Compassionate Use
17 of Medical Cannabis Program Act;

18 (C) any correctional facility; or

19 (D) a private residence that is used at any time to
20 provide licensed childcare or other similar social
21 service care on the premises;

22 (3) Using hemp cannabinoid products:

23 (A) on a school bus, unless permitted for a
24 qualifying patient or caregiver pursuant to the
25 Compassionate Use of Medical Cannabis Program Act;

26 (B) on the grounds of any preschool or primary or

1 secondary school, unless permitted for a qualifying
2 patient or caregiver pursuant to the Compassionate Use
3 of Medical Cannabis Program Act;

4 (C) any correctional facility;

5 (D) any motor vehicle; or

6 (E) a private residence that is used at any time to
7 provide licensed childcare or other similar social
8 service care on the premises.

9 (4) Smoking hemp in any place where smoking is
10 prohibited under the Smoke Free Illinois Act;

11 (5) Operating, navigating, or being in actual physical
12 control of any motor vehicle, aircraft, watercraft, or
13 snowmobile while using or under the influence of hemp
14 cannabinoid products in violation of Sections 11-501 or
15 11-502.1 of the Vehicle Code, Section 5-16 of the Boat
16 Registration and Safety Act, or Section 5-7 of the
17 Snowmobile Registration and Safety Act;

18 (6) Facilitating the use of hemp cannabinoid products
19 by any person who is not allowed to use cannabis under this
20 Act or the Compassionate Use of Medical Cannabis Program
21 Act.

22 (7) Transferring hemp cannabinoid products to any
23 person contrary to this Act or the Compassionate Use of
24 Medical Cannabis Program Act.

25 (8) The use of hemp by a law enforcement officer,
26 corrections officer, probation officer, or firefighter

1 while on duty. Nothing in this Act prevents a public
2 employer of law enforcement officers, corrections
3 officers, probation officers, paramedics, or firefighters
4 from prohibiting or taking disciplinary action for the
5 consumption, possession, sales, purchase, or delivery of
6 hemp or hemp-infused substances while on duty, unless
7 provided for in the employer's policies. However, an
8 employer may not take adverse employment action against an
9 employee based solely on the lawful possession or
10 consumption of hemp or hemp-infused substances by members
11 of the employee's household. To the extent that this
12 Section conflicts with any applicable collective
13 bargaining agreement, the provisions of the collective
14 bargaining agreement shall prevail. Further, nothing in
15 this Act shall be construed to limit in any way the right
16 to collectively bargain over the subject matters contained
17 in this Act.

18 (9) The use of hemp cannabinoid products by a person
19 who has a school bus permit or a commercial driver's
20 license while on duty. As used in this Section, "public
21 place" means any place where a person could reasonably be
22 expected to be observed by others. "Public place" includes
23 all parts of buildings owned in whole or in part, or
24 leased, by the State or a unit of local government.
25 "Public place" includes all areas in a park, recreation
26 area, wildlife area, or playground owned in whole or in

1 part, leased, or managed by the State or a unit of local
2 government. "Public place" does not include a private
3 residence unless the private residence is used to provide
4 licensed childcare, foster care, or other similar social
5 service care on the premises.

6 (b) Nothing in this Act shall be construed to prevent
7 the arrest or prosecution of a person for reckless driving
8 or driving under the influence of hemp cannabinoid
9 products, operating a watercraft under the influence of
10 hemp cannabinoid products, or operating a snowmobile under
11 the influence of hemp cannabinoid products if probable
12 cause exists.

13 (c) Nothing in this Act shall prevent a private
14 business from restricting or prohibiting the use of hemp
15 cannabinoid products on its property, including areas
16 where motor vehicles are parked.

17 (d) Nothing in this Act shall be construed to allow an
18 individual or business entity to violate the provisions of
19 federal law, including colleges or universities that must
20 abide by the Drug-Free Schools and Communities Act
21 Amendments of 1989, that require campuses to be drug free.

22 (505 ILCS 89/10)

23 Sec. 10. Licenses and registration.

24 (a) (Blank) No person shall cultivate industrial hemp in
25 this State without a license issued by the Department.

1 (b) (Blank) ~~The application for a license shall include:~~

2 ~~(1) the name and address of the applicant;~~

3 ~~(2) the legal description of the land area, including~~
4 ~~Global Positioning System coordinates, to be used to~~
5 ~~cultivate industrial hemp; and~~

6 ~~(3) if federal law requires a research purpose for the~~
7 ~~cultivation of industrial hemp, a description of one or~~
8 ~~more research purposes planned for the cultivation of~~
9 ~~industrial hemp which may include the study of the growth,~~
10 ~~cultivation, or marketing of industrial hemp; however, the~~
11 ~~research purpose requirement shall not be construed to~~
12 ~~limit the commercial sale of industrial hemp.~~

13 (b-5) (Blank) ~~A person shall not process industrial hemp~~
14 ~~in this State without registering with the Department on a~~
15 ~~form prescribed by the Department.~~

16 (c) (Blank) ~~The Department may determine, by rule, the~~
17 ~~duration of a license or registration; application,~~
18 ~~registration, and license fees; and the requirements for~~
19 ~~license or registration renewal.~~

20 (d) Each applicant for an industrial hemp business
21 establishment license shall submit a signed, complete,
22 accurate and legible application form provided by the
23 appropriate Department. The IDOA shall regulate hemp
24 cultivation and hemp processing licenses. The IDFPR shall
25 regulate hemp distributors and hemp retailers. The IDPH shall
26 regulate hemp food establishments. The applicant shall provide

1 the following for the appropriate license being sought:

2 (1) For all applicants, the name, address, phone
3 number, and email address of the person or entity applying
4 for the license.

5 (2) For all applicants, the type of business or
6 organization (corporation, LLC, or partnership, etc.) as
7 well as the entity's EIN.

8 (3) For all applicants, business name and address, if
9 different than the ones submitted in response to paragraph
10 (1) of subsection (d). This shall include the full name of
11 the business, address of the principal business location,
12 and the full name and title of the key participants.

13 (4) For hemp cultivator applicants, the legal
14 description of the land area, including global positioning
15 system coordinates of each contiguous land area, to be
16 used to cultivate industrial hemp.

17 (5) Optionally, for hemp cultivator applicants, a map
18 of the land area on which the applicant plans to grow
19 industrial hemp, showing the boundaries and dimensions of
20 the growing area in acres or square feet or a
21 self-reporting of the hemp acreage of the cultivation to
22 the nearest whole acre.

23 (6) For all applicants, the applicable fee prescribed
24 by this Act.

25 (7) For hemp cultivator applicants, the varieties of
26 industrial hemp that are intended for cultivation.

1 (8) For hemp cultivator applicants, an acknowledgment
2 and consent to the Department collecting, maintaining, and
3 providing to USDA directly and through the USDA's online
4 platform, any required data, including but not limited to;
5 status, contact, disposal reporting, background checks if
6 required by the USDA, and real-time information for each
7 hemp licensee licensed or authorized in the State.

8 (9) For hemp cultivator applicants, if federal law
9 requires a research purpose for the cultivation of
10 industrial hemp and the applicant, a description of one or
11 more research purposes planned for the cultivation of
12 industrial hemp which may include the study of the growth,
13 cultivation, or marketing of industrial hemp; however, the
14 research purpose requirement shall not be construed to
15 limit the commercial sale of industrial hemp.

16 (10) The nature of the processing by the registrant,
17 should the applicant wish to process industrial hemp.

18 (11) The Department may encourage hemp business
19 establishment applicants to enter into a labor peace
20 agreement with a bona fide labor organization.

21 (e) Within 30 calendar days after receipt of a completed
22 application and the associated fee, the Department will either
23 issue a license or deny the application. Incomplete
24 applications or applications that do not meet the requirements
25 for licensure or registration will be denied. A rejected and
26 an additional application fee will be collected for corrected

1 or new applications.

2 (f) License or registration shall be good for a maximum of
3 1 calendar year from the date of issuance.

4 (g) An applicant or licensee shall submit the following
5 nonrefundable fees with each license application submitted, in
6 the form of a certified check or money order payable to the
7 licensing agency, or by such other means as approved by the
8 Department. The registration, application, and renewal fee for
9 any hemp business establishment shall be no more than \$500 for
10 each annual license. Notwithstanding the foregoing, a hemp
11 cultivator entity shall pay a flat annual fee of \$100 for a
12 license and license renewal.

13 (h) Qualifying academic research institutions shall pay a
14 flat annual fee of \$100 for license and license renewal.

15 (i) Qualifying government research and demonstration
16 entities shall pay a flat annual fee of \$100 for a license and
17 license renewal. The Department is exempt from this fee when
18 registering as a qualifying government research and
19 demonstration entity.

20 (j) For social equity applicants, the Department shall
21 waive 50% of any nonrefundable permit application fees, any
22 nonrefundable fees associated with operating a hemp business
23 establishment, and financial requirements for social equity
24 applicant who is applying for its first hemp business
25 establishment permit.

26 (k) If the Department determines that an applicant who

1 applied as a social equity applicant is not eligible for such
2 status, the applicant shall be provided an additional 10 days
3 to provide alternative evidence that he or she qualifies as a
4 social equity applicant. Alternatively, the applicant may pay
5 the remainder of the waived fee and be considered as a
6 non-social equity applicant. If the applicant cannot do
7 either, then the Departments may keep the initial permit fee.

8 (l) The Department shall issue an unlimited number of
9 licenses for each type of hemp business establishment.

10 (m) The Department shall not limit the number of licenses
11 an individual may hold.

12 (n) Any entity, including businesses licensed under the
13 Cannabis Regulation and Tax Act and the Compassionate Use of
14 Medical Cannabis Program Act, may hold any or all hemp
15 business establishment license, except for a cottage food
16 operation license.

17 (o) A hemp business establishment license can be obtained
18 by an out-of-state entity, provided that the applicant on the
19 application agrees to submit to tax nexus within the State and
20 agrees to comply with the provisions under this Act for
21 jurisdictional, regulatory and enforcement purposes.

22 (p) A hemp business establishment's license shall only
23 operate at the location listed on their license.

24 A Hemp Business Establishment who wishes to change
25 locations must submit a new application for the new location.

26 (q) As a condition of its license, hemp business

1 establishments shall:

2 (1) operate in compliance with this Act;

3 (2) operate in accordance with the representations
4 made in its application and license materials;

5 (3) ensure that any building used by the Hemp Business
6 Establishment is free from infestation by insects, rodents
7 or pests; and

8 (4) ensure that any building or equipment used by the
9 hemp business establishment for the storage or sale of
10 live hemp, hemp-cannabinoid products, industrial hemp,
11 hemp-cannabinoid products and ready-to-eat
12 hemp-cannabinoid products are maintained in a clean and
13 sanitary condition appropriate for the products being held
14 and sold.

15 (r) No person except those holding the appropriate hemp
16 business establishment license and subject to the regulations
17 established by the Department shall cultivate, grow, process,
18 sell or infuse hemp, hemp-cannabinoid products for commercial
19 purposes.

20 (s) The Department may refuse to issue a license to any of
21 the following:

22 (1) anyone who fails to disclose or states falsely any
23 information called for in the application;

24 (2) any principal officer, board member or persons
25 having a financial or voting interest of 5% or greater on
26 the license who is delinquent in (i) filing any required

1 tax returns or (ii) paying any amounts owed to the State of
2 Illinois; or
3 (3) anyone whose business address is zoned
4 residential.

5 (Source: P.A. 102-690, eff. 12-17-21.)

6 (505 ILCS 89/11 new)

7 Sec. 11. Recordkeeping and reports.

8 (a) It is the duty of the hemp business establishment to
9 keep at its licensed address or place of business, to be
10 located within the State or digitally, complete and accurate
11 records of all sales or other dispositions of live hemp
12 products, intermediate hemp products and hemp-cannabinoid
13 products sold, whether for itself or for another.

14 (b) The hemp business establishment must keep an actual
15 record of all sales and must report tax at the applicable
16 rates, based on sales as reflected in the retailer's records.
17 Books and records must be maintained in sufficient detail so
18 that all receipts reported with respect to hemp products can
19 be supported.

20 (c) At least 30 calendar days prior to harvest, to the best
21 of the licensee's ability, each cultivator licensee shall file
22 a harvest report on a form provided by the Department, that
23 includes the expected harvest dates for industrial hemp
24 cultivated by the licensee. Should the harvest dates change in
25 excess of 5 calendar days, the licensee shall notify the

1 Department of the new expected harvest date.

2 (d) No later than February 1 of each year, each cultivator
3 licensee shall submit an industrial hemp cultivator final
4 report to the Department that includes:

5 (1) total acres or square feet of industrial hemp
6 planted in the previous calendar year;

7 (2) a description of each variety planted and
8 harvested in the previous calendar year;

9 (3) total acres or square feet harvested in the
10 previous calendar year; and

11 (4) total yield in the appropriate measurement, such
12 as tonnage, seeds per acre, or other measurement approved
13 by the Department.

14 (e) The Department will provide the information in this
15 Section to the USDA within 30 calendar days of its receipt.

16 (f) Cultivator licensees shall report hemp planting
17 acreage to the Farm Service Agency (FSA). This report shall be
18 submitted to the FSA within 30 calendar days after the
19 completion of planting of an outdoor crop site, or within 30
20 calendar days after the first planting of hemp in the calendar
21 year in an indoor cultivation site. At a minimum, the
22 following information shall be reported:

23 (1) street address for each crop site;

24 (2) geospatial location for each crop site;

25 (3) acreage of each crop site; and

26 (4) licensee identifying information.

1 (g) Each hemp business establishment is required to retain
2 records sufficient to support deductions on the ground that
3 deliveries of live hemp products, intermediate hemp products
4 and hemp-cannabinoid products were made outside of the State,
5 records shall include satisfactory evidence of delivery to and
6 receipt by out-of-state consignees.

7 (h) Where a hemp business establishment sells live hemp
8 products, intermediate hemp products, or hemp-cannabinoid
9 products to another hemp business establishment that is not
10 cottage hemp food operator, the seller shall render to the
11 buyer an invoice describing the hemp product sold (including
12 the tax rate category applicable to the product sold), the
13 date of sale, and the quantity sold. Duplicate copies of all
14 such invoices must be made and preserved by such distributor
15 for audit purposes.

16 (i) Where a distributor sells intermediate hemp products
17 to a cottage hemp food operator, each original and duplicate
18 invoice pertaining to such sale must be printed, stamped, or
19 bear in writing, the following language: "Payment of Illinois
20 hemp tax made by vendor issuing this invoice".

21 (j) Hemp business establishment records may be maintained
22 electronically or physically for 3 years and be available for
23 inspection by the Department upon request, unless the
24 Department, in writing, authorizes their destruction or
25 disposal at an earlier date.

26 (k) If a hemp distributor closes due to insolvency,

1 revocation, bankruptcy or for any other reasons, all records
2 must be preserved at the expense of the hemp distributing
3 organization for at least 3 years in a form and location in the
4 State acceptable to the Department, whose approval shall not
5 be unreasonably withheld. The hemp distributing organization
6 shall keep the records longer if requested by the Department
7 for good cause. Upon request by the Department, the hemp
8 distributing organization shall notify the Department of the
9 location where the hemp retailing records are stored or
10 transferred.

11 (1) Hemp food establishment records must be maintained
12 electronically for 3 years and be available for inspection by
13 the Department upon request. Required records include the
14 following:

15 (1) operating procedures and recipes;

16 (2) inventory records, policies and procedures;

17 (3) batch creation logs of intermediate hemp products;

18 and

19 (4) dosing records of ready-to-eat products.

20 (505 ILCS 89/15)

21 Sec. 15. Rules.

22 (a) The Department shall submit to the Secretary of the
23 United States Department of Agriculture a hemp production plan
24 under which the Department monitors and regulates the
25 production of industrial hemp in this State. ~~The Department~~

1 ~~shall adopt rules incorporating the hemp production plan,~~
2 ~~including application and licensing requirements.~~

3 (b) (Blank) ~~The rules set by the Department shall include~~
4 ~~one yearly inspection of a licensed industrial hemp~~
5 ~~cultivation operation and allow for additional unannounced~~
6 ~~inspections of a licensed industrial hemp cultivation~~
7 ~~operation at the Department's discretion.~~

8 (c) (Blank) ~~The Department shall adopt rules necessary for~~
9 ~~the administration and enforcement of this Act in accordance~~
10 ~~with all applicable State and federal laws and regulations,~~
11 ~~including rules concerning standards and criteria for~~
12 ~~licensure and registration, for the payment of applicable~~
13 ~~fees, signage, and for forms required for the administration~~
14 ~~of this Act.~~

15 (d) (Blank) ~~The Department shall adopt rules for the~~
16 ~~testing of the industrial hemp THC levels and the disposal of~~
17 ~~plant matter exceeding lawful THC levels, including an option~~
18 ~~for a cultivator to retest for a minor violation, with the~~
19 ~~retest threshold determined by the Department and set in rule.~~
20 ~~Those rules may provide for the use of seed certified to meet~~
21 ~~the THC levels mandated by this Act as an alternative to~~
22 ~~testing.~~

23 (e) The application form shall be determined by the
24 Department and set by rule within 180 days of the effective
25 date of this Act.

26 (f) The Department shall adopt rules necessary for the

1 administration and enforcement of this Act, including rules
2 concerning the payment of applicable fees and forms required
3 for the administration of applying for licenses issued under
4 this Act. The fee for any hemp business license or renewal
5 shall not exceed \$500.

6 (g) The Department shall adopt rules concerning the review
7 of SOPs for hemp food establishments.

8 (h) The rules set by the appropriate regulatory Department
9 may include one yearly inspection of a licensed hemp business
10 establishment and allow for additional unannounced inspections
11 of a licensed hemp business establishment upon good cause.

12 (i) The Department shall not limit the quantity of any
13 hemp licenses. The hemp business establishment license
14 application process shall be open indefinitely and the
15 Department must approve or deny all license applications
16 within 30 calendar days.

17 (j) The Department shall expressly permit individuals who
18 are disallowed from holding an Illinois hemp license by
19 Section 297B(e) (3) (B) (i) of the Agricultural Marketing Act of
20 1946 to hold a hemp business license, work for a hemp business
21 establishment, and produce Illinois hemp.

22 (k) Any rules adopted by a Department shall not be more
23 restrictive than this Act.

24 (Source: P.A. 102-690, eff. 12-17-21.)

1 Sec. 16. Other violations; criminal penalties.

2 (a) Subject to the provisions of this Act, the Department
3 may:

4 (1) Examine, inspect, and investigate the premises,
5 operations, and records of hemp business establishment
6 applicants and licensees.

7 (2) Conduct investigations of possible violations of
8 this Act pertaining to hemp business establishment
9 applicants and licensees.

10 (3) Conduct hearings on proceedings to refuse to issue
11 or renew licenses or to revoke, suspend, place on
12 probation, reprimand or otherwise discipline a license
13 holder under this Act or take other non-disciplinary
14 action for good cause specified in writing.

15 (b) It is the duty of the Department to administer and
16 enforce the provisions of this Act relating to licensing and
17 oversight of hemp business establishments unless otherwise
18 provided in this Act. Notwithstanding the provisions of this
19 Act, a person who does any of the following regarding a product
20 regulated under this Act is guilty of a misdemeanor and may be
21 required to pay of a fine of not more than \$3,000:

22 (1) knowingly alters or otherwise falsifies testing
23 results;

24 (2) intentionally alters or falsifies any information
25 required to be included on the label of any hemp
26 cannabinoid product; or

1 (3) intentionally makes a false material statement to
2 the Department of Public Health, Department of
3 Agriculture, or the Department of Financial and
4 Professional Regulation.

5 (c) Notwithstanding the provisions of this Act, a hemp
6 business establishment that does any of the following on the
7 premises of a registered retailer or another business that
8 sells retail goods to customers is guilty of a misdemeanor and
9 may be required to pay a fine of not more than \$3,000:

10 (1) sells a hemp cannabinoid product knowing that the
11 product does not comply with the limits on the amount or
12 types of cannabinoids that a product may contain;

13 (2) intentionally sells a hemp cannabinoid product
14 knowing that the product does not comply with the
15 applicable testing, packaging, or labeling requirements;

16 or

17 (3) sells a hemp cannabinoid product to a person under
18 the age of 21, except that it is an affirmative defense to
19 a charge under this clause if the defendant proves by a
20 preponderance of the evidence that the defendant
21 reasonably and in good faith relied on proof of age as
22 described in the next section below.

23 (d) No hemp business establishment shall intentionally
24 hold itself out to be a "dispensary", "marijuana dispensary",
25 "dispensing organization", or any kind of cannabis business
26 establishment unless such entity holds a valid cannabis

1 business establishment license. A person who intentionally
2 falsely holds itself out to be a cannabis business
3 establishment is guilty of a misdemeanor and may be required
4 to pay of a fine of not less than \$10,000.

5 (505 ILCS 89/17)

6 Sec. 17. Administrative hearings; judicial review.

7 (a) Administrative hearings involving licensees under this
8 Act shall be conducted under the Department's rules governing
9 formal administrative proceedings.

10 (b) Notwithstanding any other provisions of the Act, the
11 following administrative fines may be imposed by the
12 Department upon any person who violates any provision of this
13 Act:

14 (1) a penalty of \$2,500 for a first violation;

15 (2) a penalty of \$5,000 for a second violation at the
16 same location within 2 years of the first violation; and

17 (3) a penalty of \$10,000 for a third or subsequent
18 violation at the same location within 2 years of the
19 second violation.

20 (c) Monies collected by the Department under this Section
21 shall be deposited into the Industrial Hemp Regulatory Fund.
22 Any penalty of \$5,000 or greater that is not paid within 120
23 days of issuance of notice from the Department shall be
24 submitted to the Department of Revenue for collection as
25 provided under the State Collection Act of 1986.

1 (d) All final administrative decisions of the Department
2 are subject to judicial review under the Administrative Review
3 Law. The term "administrative decision" has the meaning
4 ascribed to that term in Section 3-101 of the Code of Civil
5 Procedure.

6 (e) Notwithstanding the provisions of this Act, the
7 Department may, after notice and a reasonable period to cure,
8 and the conduct of an administrative hearing, revoke, cancel,
9 or suspend the license of any hemp cannabinoid business
10 establishment that violates any of the provisions of this Act
11 more than 3 times in a calendar year.

12 (Source: P.A. 100-1091, eff. 8-26-18.)

13 (505 ILCS 89/18)

14 Sec. 18. Industrial Hemp Regulatory Fund.

15 (a) There is created in the State treasury a special fund
16 to be known as the Industrial Hemp Regulatory Fund. All taxes
17 paid and all fees and fines collected by the Department under
18 this Act shall be deposited into the Industrial Hemp
19 Regulatory Fund. ~~Moneys in the Fund shall be utilized by the~~
20 Department for the purposes of implementation, administration,
21 and enforcement of this Act.

22 (b) The General Assembly finds that in order to address
23 the disparities in diversely owned businesses, aggressive
24 approaches and targeted technical assistance resources to
25 support social equity entrepreneurs are required. To carry

1 this intent, the Hemp Social Equity Fund is created to
2 directly address the impact of economic disinvestment,
3 violence and the historical overuse of criminal justice
4 response to community and individual needs by providing
5 resources, funding and technical assistance for hemp social
6 equity applicants to setup, build and create ownership in hemp
7 business establishments.

8 (c) 15% of all monies in the Fund shall be used by the
9 Department of Agriculture for the purposes of implementation,
10 administration, and enforcement of this Act. 15% of all monies
11 in the Fund shall be used by the Department of Public Health
12 for the purposes of implementation, administration, and
13 enforcement of this Act. 15% of all monies in the Fund shall be
14 used by the Department of Financial and Professional
15 Regulation for the purposes of implementation, administration,
16 and enforcement of this Act. 55% of all monies deposited into
17 the Industrial Hemp Regulatory Fund shall be immediately
18 deposited into the Hemp Social Equity Fund and be used by the
19 IDOA exclusively for the following purposes:

20 (1) To provide no-interest rate loans to qualified
21 social equity applicants to pay for ordinary and necessary
22 expenses to start and operate a hemp business
23 establishment permitted by this Act;

24 (2) To provide grants to qualified social equity
25 applicants to pay for ordinary and necessary expenses to
26 start and operate a hemp business establishment permitted

1 by this Act.

2 (3) To compensate the Department of Commerce and
3 Economic Opportunity for any costs related to the
4 provision of low-interest loans and grants to qualified
5 social equity applicants;

6 (4) To pay for education, outreach, and technical
7 assistance that may be provided or targeted to attract and
8 support social equity applicants.

9 (5) To support urban and rural farming, medicinal and
10 food security, and hemp-related criminal justice reform.

11 (d) Notwithstanding any other law to the contrary, the
12 Hemp Social Equity Fund is not subject to sweeps,
13 administrative chargebacks, or any other fiscal or budgetary
14 maneuver that would in any way transfer any amounts from the
15 Hemp Social Equity Fund into any other fund of the State.

16 (Source: P.A. 100-1091, eff. 8-26-18.)

17 (505 ILCS 89/18.5 new)

18 Sec. 18.5. Availability studies.

19 (a) The Director shall commission and publish one or more
20 disparity and availability studies that:

21 (1) evaluate the risks and benefits of cannabinoids;

22 (2) evaluate the availability of hemp and cannabis
23 products to minors;

24 (3) evaluate economic development attributable to hemp
25 and hemp derived cannabinoids across the State, especially

1 in communities who have been most impacted by the war on
2 drugs;

3 (4) evaluate whether there exists discrimination in
4 the State's hemp industry, and if so, evaluates the impact
5 of such discrimination on the State and includes
6 recommendations to the Department of Agriculture for
7 reducing or eliminating any identified barriers to entry
8 in the hemp market. Such disparity and availability
9 studies shall examine each license type issued pursuant to
10 Section 10 of this Act and shall be initiated within 180
11 days from the issuance of the first of each license
12 authorized by those Sections. The report must include the
13 Task Force's legislative recommendations regarding further
14 cannabinoid research, the use and availability of
15 cannabinoid products and cannabis products among minors,
16 and the impact of cannabinoid products on minority and
17 women-owned business creation. Additionally, the report
18 must contain an analysis of the effectiveness of each
19 recommendation. This analysis will assess the potential
20 impact and outcomes of the proposed legislative measures.
21 Finally, the Task Force will make rule recommendations as
22 part of the report. The results of each disparity and
23 availability study shall be reported to the General
24 Assembly and the Governor no later than 12 months after
25 the commission of each study.

26 (b) The Director shall forward a copy of its findings and

1 recommendations to the Department of Financial and
2 Professional Regulation, the Department of Agriculture, the
3 Department of Commerce and Economic Opportunity, the General
4 Assembly, and the Governor.

5 (c) The Department of Agriculture may compile, collect, or
6 otherwise gather data necessary for the administration of this
7 Act and to carry out the Director's duty relating to the
8 recommendation of policy changes. The Department of
9 Agriculture may direct the Department of Financial and
10 Professional Regulation, Department of Public Health,
11 Department of Human Services, and Department of Commerce and
12 Economic Opportunity to assist in the compilation, collection,
13 and data gathering authorized pursuant to this subsection. The
14 Director shall compile all of the data into a single report and
15 submit the report to the Governor and the General Assembly and
16 publish the report on its website.

17 (d) The Director may use a third party to complete the
18 responsibilities of this Section. If the Director elects to
19 use a third party to complete any element of this Section,
20 preference shall be given to entities with experience in
21 increasing diversity in the hemp or cannabis industry and
22 making policy recommendations to the General Assembly.

23 (505 ILCS 89/18.10 new)

24 Sec. 18.10. Loans and grants to social equity hemp
25 applicants.

1 (a) The Department of Commerce and Economic Opportunity
2 shall establish grant and loan programs, subject to
3 appropriations from the Hemp Social Equity Fund, for the
4 purpose of providing financial assistance, loans, grants and
5 technical assistance to social equity applicants.

6 (b) The Department of Commerce and Economic Opportunity
7 has the power to:

8 (1) Provide hemp social equity loans and grants from
9 appropriations from the Hemp Social Equity Fund to assist
10 qualified social equity applicants in gaining entry to,
11 and successfully operating in, the State's regulated
12 hemp-derived cannabinoid marketplace.

13 (2) Enter into agreements that set forth terms and
14 conditions of the financial assistance, accept funds, or
15 grants and engage in cooperation with private entities and
16 agencies of State or local government to carry out the
17 purposes of this Section.

18 (3) Fix, determine, charge and collect any premiums,
19 fees, charges, costs and expenses, including application
20 fees, commitment fees, program fees, financing charges, or
21 publication fees in connection with its activities under
22 this Section.

23 (4) Coordinate assistance under these loan programs
24 with activities of the Department of Financial and
25 Professional Regulation, the Department of Agriculture and
26 other agencies as needed to maximize the effectiveness and

1 efficiency of this Act.

2 (5) Provide staff, administrative and related support
3 required to administer this Section.

4 (6) Take whatever actions are necessary or appropriate
5 to protect the State's interest in the event of
6 bankruptcy, default, foreclosure, or noncompliance with
7 the terms and conditions of financial assistance provided
8 under this Section, including the ability to recapture
9 funds if the recipient is found to be noncompliant with
10 the terms and conditions of the financial assistance
11 agreement.

12 (7) Establish application, notification, contract, and
13 other forms, procedures or rules deemed necessary and
14 appropriate.

15 (8) Use vendors or contract work to carry out the
16 purposes of this Act.

17 (c) Loans made under this Section shall:

18 (1) only be made if the project furthers the goals set
19 forth in this Act; and

20 (2) be in such principal amount and form and contain
21 such terms and provisions with respect to security,
22 insurance, reporting, delinquency charges, default
23 remedies, and other matters as the Department shall
24 determine appropriate to protect the public interest and
25 to be consistent with the purposes of this Section. The
26 terms and provisions may be less than required for similar

1 loans not covered by this Section.

2 (d) Grants made under this Section shall be awarded on a
3 competitive and annual basis under the Grant Accountability
4 and Transparency Act. Grants made under this Section shall
5 further and promote the goals of this Act, including promotion
6 of social equity applicants, job training and workforce
7 development, and technical assistance to social equity
8 applicants.

9 (e) Beginning January 1, 2025 and each year thereafter,
10 the Department shall annually report to the Governor and the
11 General Assembly on the outcomes and effectiveness of this
12 Section that shall include the following:

13 (1) The number of persons or businesses receiving
14 financial assistance under this Section.

15 (2) The amount in financial assistance awarded in the
16 aggregate, in addition to the amount of loans made that
17 are outstanding and the amount of grants awarded.

18 (3) The location of the project engaged in by the
19 person or business.

20 (4) The number of new jobs and other forms of economic
21 output created as a result of the financial assistance.

22 (f) The Department of Commerce and Economic Opportunity
23 shall include engagement with individuals with limited English
24 proficiency as part of its outreach provided or targeted to
25 attract and support social equity applicants.

1 (505 ILCS 89/19)

2 Sec. 19. Immunity. Except for willful or wanton
3 misconduct, a person employed by a ~~the~~ Department with
4 jurisdiction over a licensee issued and administered under
5 this Act shall not be subject to criminal or civil penalties
6 for taking any action under this Act when the actions are
7 within the scope of his or her employment. Representation and
8 indemnification of Department employees shall be provided to
9 Department employees as set forth in Section 2 of the State
10 Employee Indemnification Act.

11 (Source: P.A. 100-1091, eff. 8-26-18.)

12 (505 ILCS 89/20)

13 Sec. 20. Hemp products.

14 (a) Nothing in this Act shall alter the legality of hemp or
15 hemp products that are presently legal to possess or own. The
16 Department shall not promulgate any rules altering the
17 legality of the same.

18 (b) Hemp extract intended for human consumption or hemp
19 cannabinoid products shall not be manufactured, processed,
20 packaged, held, or prepared in a private home or in a room used
21 as living or sleeping quarters, except as otherwise permitted
22 in this Act.

23 (c) All hemp extract and hemp cannabinoid products for
24 human consumption shall be manufactured by a source that meets
25 local and state health standards from the jurisdiction of

1 origin.

2 (d) The maximum THC per serving of a hemp-cannabinoid
3 products for human consumption is 50 milligrams.

4 (Source: P.A. 100-1091, eff. 8-26-18.)

5 (505 ILCS 89/21 new)

6 Sec. 21. Age verification.

7 (a) Hemp-cannabinoid consumers must be at least 21 years
8 of age to purchase, transport, or consume hemp-cannabinoids
9 products, be over 18 and present a valid medical card, or over
10 the age of 18 and in possession of a valid military ID.

11 (b) The giving or sampling of hemp extract or hemp
12 cannabinoid products intended for human consumption by a hemp
13 food establishment or any person to any person under the age of
14 21 is prohibited.

15 (c) Hemp food establishments shall exercise diligence in
16 the management and supervision of their premises and in the
17 supervision and training of their employees to prevent the
18 underage sale of these products.

19 Prior to initiating a sale or otherwise providing hemp
20 cannabinoid product to an individual, an employee of a
21 retailer must verify that the individual is (i) at least 21
22 years of age, (ii) is over 18 and presents a valid medical
23 card, or over the age of 18 and in possession of a valid
24 military ID;

25 (d) Proof of age may be established only by verifying the

1 birthdate and age on one of the following:

2 (1) a valid driver's license or identification card
3 issued by the State, another state, or a province of
4 Canada and including the photograph and date of birth of
5 the licensed person;

6 (2) a valid Tribal identification card/indigenous
7 reservation government identification card;

8 (3) a valid passport issued by the United States;

9 (4) in the case of a foreign national, by a valid
10 passport;

11 (5) consular identification card;

12 (6) temporary visitor driver's license;

13 (7) Chicago city key identification;

14 (8) international election identification cards;

15 (9) visa; or

16 (10) green card.

17 (e) A registered retailer may seize a form of
18 identification listed under subsection (b) of this Section if
19 the registered retailer has reasonable grounds to believe that
20 the form of identification has been altered or falsified or is
21 being used to violate any law. A registered retailer that
22 seizes a form of identification as authorized under this
23 paragraph must deliver it to a law enforcement agency within
24 14 days of seizing it.

1 Sec. 22. Hemp cannabinoid product packaging and labeling.

2 (a) The Department shall be authorized to audit and
3 inspect labels for compliance with this Act.

4 In the event of any violation of this section, the
5 Department may issue a citation against the offender as
6 official notice of the offense committed and to require the
7 offender to correct the offense within 180 days.

8 (b) Unless otherwise specified in this Act, each
9 hemp-cannabinoid product, with the exception of ready-to-eat
10 hemp cannabinoid and cottage hemp-cannabinoid products shall
11 be labeled before sale and each label shall be securely
12 affixed to the package and shall state in legible English:

13 (1) The name and mailing address of the manufacturer.

14 (2) The common or usual name of the item and the name
15 of the hemp-cannabinoid product.

16 (3) The "use by" date.

17 (4) A list of any hemp-derived cannabinoid exceeding 1
18 mg per serving.

19 (5) All other ingredients of the item, including any
20 colors, artificial flavors and preservatives, listed in
21 descending order by predominance of weight shown with
22 common or usual names. However, ingredients listed on the
23 label may be combined into similar categories including
24 but not limited to hemp extract or emulsion, natural
25 colors, artificial colors, natural flavors, or artificial
26 flavors.

1 (6) For hemp-cannabinoid products:

2 (A) the date of testing and the identification of
3 the independent testing laboratory; and

4 (B) a pass/fail rating based on the laboratory's
5 microbiological, mycotoxins, and pesticide and solvent
6 residue analysis.

7 (7) For ready to eat hemp-cannabinoid products:

8 (A) the date of the intermediate hemp product
9 testing, packaging and the identification of the
10 independent testing laboratory; and

11 (B) a pass/fail rating based on the laboratory's
12 microbiological, mycotoxins, and pesticide and solvent
13 residue analysis of the Intermediate Hemp Product.

14 (8) The required packaging elements of Section
15 22(b) (5-7) may be satisfied by means of a QR code linking
16 to a website where the information is available for a
17 consumer.

18 (c) Packaging for packaged hemp-cannabinoid products must
19 not contain information that:

20 (1) is materially false;

21 (2) depicts a person under 21 years of age consuming
22 hemp-cannabinoids;

23 (3) includes images designed or likely to appeal to
24 minors, including cartoons, toys, animals, or children, or
25 any other likeness to images, characters, or phrases that
26 are popularly used to advertise to children, or any

1 packaging or labeling that bears reasonable resemblance to
2 any product available for consumption as a commercially
3 available candy; or

4 (4) contains any seal, flag, crest, coat of arms, or
5 other insignia likely to mislead the purchaser to believe
6 that the product has been endorsed, made, or used by the
7 State or any of its representatives except where
8 authorized by this Act.

9 (d) All packaged hemp-cannabinoid products must contain
10 warning statements specified in subsection (e) of this
11 Section, of a size that is legible and readily visible to a
12 consumer inspecting a package, which may not be covered or
13 obscured in any way. Notwithstanding the foregoing, batch and
14 lot information printed on packaging that is printed on the
15 labeling shall not be considered to cover or obscure the
16 label.

17 (e) Hemp cannabinoid products must have warning statements
18 on the packaging in a form and manner that clearly
19 communicates the following:

20 (1) That the product contains hemp derived
21 cannabinoids.

22 (2) A warning to consumers not to use if pregnant or
23 breastfeeding.

24 (3) A warning not to use if operating a motor vehicle
25 or machinery.

26 (4) The product is for use by adults 21 or over.

1 (f) Hemp cannabinoid products of the following product
2 types must have warning statements on the packaging in a form
3 and manner that clearly communicates the following:

4 (1) Hemp-cannabinoid products for inhalation must
5 contain a statement that clearly communicates smoking is
6 hazardous to your health.

7 (2) Hemp-cannabinoid products for ingestion must
8 contain a statement that communicates the effects of
9 cannabinoids may be delayed.

10 (3) Hemp-cannabinoids products for ingestion must
11 contain a statement that communicates this product was
12 produced in a facility that may also process common food
13 allergens or a list of known allergens in the product.

14 (4) That the required packaging elements of subsection
15 (b) of this Section may be satisfied by means of a QR code
16 linking to a website where the information is available
17 for a consumer.

18 (g) Hemp extract intended for human consumption must have
19 warning statements on the packaging in a form and manner that
20 clearly communicating the following:

21 (1) If cannabinoids are marketed, for every
22 cannabinoid with more than 1mg per serving, the number of
23 milligrams of each cannabinoid per serving and the serving
24 size must be declared on the label.

25 (2) The label and advertisement shall not contain
26 claims indicating the product is intended for diagnosis,

1 cure, mitigation, treatment, or prevention of disease,
2 unless such claims are approved by the FDA; and if
3 unapproved claims are included, then the product shall be
4 considered misbranded.

5 (3) Hemp extract intended solely for inhalation must
6 communicate the product is not intended for ingestion and
7 for consumers not to eat.

8 (h) Hemp extract intended for human consumption that is
9 not clearly labeled as intended for inhalation or ingestion
10 must meet all of the requirements for hemp products intended
11 for both inhalation and ingestion. If there are different
12 requirements for hemp products intended for inhalation and
13 hemp products intended for ingestion, the stricter standard
14 shall apply.

15 (505 ILCS 89/22.5 new)

16 Sec. 22.5. Ready-to-eat cannabinoid product packaging and
17 labeling.

18 (a) Hemp food establishments must ensure that the total
19 milligram content of each type of cannabinoid exceeding 1 mg
20 contained in each ready-to-eat hemp cannabinoid menu item is
21 listed on the menu board adjacent to the name or the price of
22 the associated menu item.

23 (b) Hemp food establishments must ensure that served
24 ready-to-eat hemp cannabinoid menu items include a label that
25 indicates:

- 1 (1) total milligram content of the served item; and
2 (2) QR code to links to a web page containing:
3 (A) a copy of the testing results of the
4 intermediate hemp product used;
5 (B) a copy of the dosing SOP; and
6 (C) a copy of a representative compliance test for
7 the recipe.
8 (c) Ready to eat hemp cannabinoid products may not be
9 shipped out of State.

10 (505 ILCS 89/22.10 new)

11 Sec. 22.10. Labeling for certain product packaging and
12 labeling products.

13 (a) The following types of hemp cannabinoid products are
14 exempted from the requirements of Section 22-0:

- 15 (1) broad spectrum hemp-cannabinoid products;
16 (2) full-spectrum hemp cannabinoid products;
17 (3) isolate-based hemp cannabinoid products;
18 (4) cannabinoid products sold for research purposes;
19 (5) cannabinoid products with less than .5mg delta-9
20 Tetrahydrocannabinol per serving; and
21 (6) topical products.

22 (b) The Department shall be authorized to audit and
23 inspect labels for compliance with this Act.

24 In the event of any violation of this Section, the
25 Department may issue a citation against the offender as

1 official notice of the offense committed and to require the
2 offender to correct the offense within 180 days.

3 (c) The hemp-cannabinoid products in subsection (a) of
4 this Section shall be labeled before sale and each label shall
5 be securely affixed to the package and shall state in legible
6 English:

7 (1) The name and mailing address of the manufacturer.

8 (2) The common or usual name of the item and the name
9 of the hemp-cannabinoid product.

10 (3) The "use by" date.

11 (4) A list of any hemp-derived cannabinoids exceeding
12 1 mg per serving;

13 (5) For hemp-cannabinoid products:

14 (A) The date of testing and the identification of
15 the independent testing laboratory.

16 (B) A pass/fail rating based on the laboratory's
17 microbiological, mycotoxins, and pesticide and solvent
18 residue analysis.

19 (7) All other ingredients of the item, including any
20 colors, artificial flavors and preservatives, listed in
21 descending order by predominance of weight shown with
22 common or usual names. However, ingredients listed on the
23 label may be combined into similar categories including
24 but not limited to hemp extract or emulsion, natural
25 colors, artificial colors, natural flavors, or artificial
26 flavors.

1 (8) The required packaging elements of subsection (d)
2 of this Section may be satisfied by means of a QR code
3 linking to a website where the information is available
4 for a consumer.

5 (d) The label and advertisement shall not contain claims
6 indicating the product is intended for diagnosis, cure,
7 mitigation, treatment, or prevention of disease, unless such
8 claims are approved by the FDA; and if unapproved claims are
9 included, then the product shall be considered misbranded.

10 (e) The hemp-cannabinoid products in subsection (a) of
11 this Section shall have warning statements on the packaging
12 that clearly indicates the following:

13 (1) The product contains hemp derived cannabinoids.

14 (2) A warning to consumers not to use if pregnant or
15 breastfeeding.

16 (3) The product is for use by adults 21 or over unless
17 under the supervision of a parent or guardian.

18 (4) The required packaging elements of this subsection
19 may be satisfied by means of a QR code linking to a website
20 where the warnings are available for a consumer.

21 (f) The following types of hemp cannabinoid products are
22 exempted from the requirements of this Section: processed
23 hemp, live hemp products, raw hemp products, processed-hemp
24 products, and cottage hemp-cannabinoid products.

25

1 (505 ILCS 89/22.15 new)

2 Sec. 22.15. Labeling for intermediate hemp products.

3 (a) Intermediate hemp cannabinoid products shall be
4 labeled and each label shall be securely affixed to the
5 package and shall state in legible English:

6 (1) The name and mailing address of the manufacturer.

7 (2) The common or usual name of the item and the name
8 of the intermediate hemp-cannabinoid product.

9 (3) The "use by" date.

10 (4) The storage instructions.

11 (5) The batch information.

12 (6) The net weight.

13 (7) A list of any hemp-derived cannabinoid exceeding 1
14 mg/g of potency.

15 (8) The total amount of each cannabinoid with a
16 potency exceeding 1mg/g per container.

17 (9) All other ingredients of the item, including any
18 colors, artificial flavors and preservatives, listed in
19 descending order by predominance of weight shown with
20 common or usual names.

21 (10) For intermediate hemp-cannabinoid products:

22 (A) The date of testing and the identification of
23 the independent testing laboratory.

24 (B) A pass/fail rating based on the laboratory's
25 microbiological, mycotoxins, and pesticide and solvent
26 residue analysis.

1 (11) The required packaging elements paragraphs of
2 (7)-(10) of this subsection (a) may be satisfied by means
3 of a QR code linking to a website where the information is
4 available for a consumer.

5 (b) Intermediate hemp cannabinoid products must have
6 warning statements on the packaging in a form and manner that
7 clearly communicating the following:

8 (1) This product contains hemp derived cannabinoids.

9 (2) A warning for use as an ingredient.

10 (3) A warning that the product is not for consumptions
11 without dilution.

12 (4) Poison control contact information.

13 (505 ILCS 89/23 new)

14 Sec. 23. Laboratory approval.

15 (a) No laboratory shall be approved to handle, test or
16 analyze hemp unless the laboratory:

17 (1) is accredited to the ISO/IEC 17025 standard by a
18 private non-profit laboratory accrediting organization, or
19 can demonstrate that it has a current working relationship
20 with an accrediting organization and receives final
21 accreditation within one year of applying to be an
22 approved laboratory with the Department;

23 (2) is independent from all other persons involved in
24 the hemp industry in the State, which shall mean that no
25 person with a direct or indirect interest in the

1 laboratory shall have a direct or indirect financial,
2 management, or other interest in a hemp business
3 establishment license;

4 (3) has employed at least one person to oversee and be
5 responsible for the laboratory testing who has earned,
6 from a college or university accredited by a national or
7 regional certifying authority, at least:

8 (A) a master's level degree in chemical or
9 biological sciences and a minimum of 2 years
10 post-degree laboratory experience; or

11 (B) a bachelor's degree in chemical or biological
12 sciences and a minimum of 4 years post-degree
13 laboratory experience; and

14 (4) has procedures requiring hemp testing adherence to
15 standards of performance for detecting delta-9 THC
16 concentration, including the measurement of uncertainty
17 (MU).

18 (b) The Department may request a copy of the most recent
19 annual inspection report granting accreditation or any annual
20 report thereafter.

21 (c) All laboratories with a valid DEA registration, a
22 current cannabis laboratory license issued by the Department,
23 or a valid ISO 17025 certification are considered approved.

24 (505 ILCS 89/23.10 new)

25 Sec. 23.10. Testing requirements.

1 (a) Industrial hemp sampled for testing may be transported
2 to the approved laboratory.

3 (b) The industrial hemp shall be tested using a reliable
4 method, including those approved by the USDA, to detect
5 delta-9 THC concentration levels of the sampled hemp. Reliable
6 methods of testing shall include gas chromatography or a
7 high-performance liquid chromatography technique.

8 (c) No more than 30 days prior to harvest, hemp
9 cultivators shall submit to an approved laboratory a sample of
10 industrial hemp to verify that the delta-9 THC concentration
11 does not exceed 0.3% on a dry weight basis.

12 (1) A sample shall be sent for each separate strain and/or
13 for each separate growing area at the Department's
14 discretion.

15 (2) A sample will consist of at least one ounce, weighed at
16 the time of harvest, and consist of full bud(s), along
17 with any attached leaves and stems,

18 (3) Quantitative laboratory determination of THC
19 concentration on a dry weight basis will be performed.

20 (d) A test result with a THC concentration on a dry weight
21 basis that exceeds 0.3% but is less than 0.7% may be retested
22 at the expense of the licensee. A request for a retest by the
23 licensee must be received by the Department within 3 days
24 after initial receipt of the original test results by the
25 licensee.

26 (e) All harvested industrial hemp receiving a sample test

1 result with a delta-9 THC concentration on a dry weight basis
2 that exceeds 0.3% and is not retested at the request of the
3 licensee shall be destroyed.

4 (f) All harvested industrial hemp receiving both a sample
5 test result and a sample retest result with delta-9 THC
6 concentrations on a dry weight basis that exceeds 0.3% shall
7 be destroyed.

8 (g) All harvested industrial hemp receiving a sample test
9 result with a delta-9 THC concentration on a dry weight basis
10 that equals or exceeds 1.0% shall be destroyed.

11 (h) All harvested industrial hemp awaiting test results
12 shall be stored by the licensee or processor and shall not be
13 processed or transported until test results are obtained and
14 the industrial hemp is released by the Department.

15 (i) The Department shall have the authority to set and
16 collect fees for hemp testing conducted by the Department.
17 Such fees shall be deposited into the Industrial Hemp
18 Regulatory Fund.

19 (505 ILCS 89/23.15 new)

20 Sec. 23.15. Laboratory testing of intermediate hemp
21 products.

22 (a) Immediately after the manufacturing or processing of
23 any intermediate hemp product, each batch shall be tested by
24 an approved laboratory for:

25 (i) microbiological contaminants;

- 1 (ii) mycotoxins;
2 (iii) pesticide active ingredients;
3 (iv) residual solvents; and
4 (v) an active ingredient analysis.

5 (b) The laboratory shall immediately return or dispose of
6 any intermediate hemp product upon the completion of any
7 testing, use or research. If intermediate hemp is disposed of,
8 it shall be done in compliance with this Act.

9 (c) If a sample of the intermediate hemp product does not
10 pass the microbiological, mycotoxin, pesticide chemical
11 residue or solvent residual test, based on the standards
12 established by the Department of Agriculture, the following
13 shall apply:

14 (1) If the sample failed the pesticide chemical
15 residue test, the entire batch from which the sample was
16 taken shall, if applicable, be recalled as provided by
17 rule.

18 (2) If the sample failed any other test, the batch may
19 be used to make a CO2-based or solvent-based extract.
20 After processing, the CO2-based or solvent-based extract
21 must still pass all required tests.

22 (d) The laboratory shall maintain the laboratory test
23 results for at least 3 years and make them available at the
24 Department of Agriculture's request.

25 (e) The hemp processor or hemp distributor shall provide
26 to a hemp business establishment the laboratory test results

1 for each batch of intermediate hemp products purchased by the
2 hemp business establishment, upon request. Each hemp business
3 establishment must have these laboratory results available
4 online or in-person upon request of the purchasers.

5 (505 ILCS 89/23.20 new)

6 Sec. 23.20. Laboratory testing for hemp-cannabinoid
7 products utilizing hemp cannabinoids directly extracted from
8 raw hemp or untested intermediate-hemp products and
9 hemp-cannabinoid products for human inhalation.

10 (a) Hemp processors, hemp distributors, and hemp food
11 establishments must begin a new batch cycle every time a
12 specific hemp-cannabinoid product is made. A manufacturer of a
13 product regulated under this Section shall be tested by the
14 approved laboratory for:

15 (1) potency;

16 (2) microbiological contaminants;

17 (3) mycotoxins;

18 (4) pesticide active ingredients;

19 (5) residual solvents; and

20 (6) an active ingredient analysis.

21 (b) The laboratory shall immediately return or dispose of
22 any hemp-cannabinoid product upon the completion of any
23 testing, use or research. If the hemp-cannabinoid product is
24 disposed of, it shall be done in compliance with any rules
25 adopted by the Department of Agriculture.

1 (c) If a sample of the hemp-cannabinoid does not pass the
2 microbiological, mycotoxin, pesticide chemical residue, or
3 solvent residual test, based on the standards established by
4 the Department of Agriculture, which shall be no stricter than
5 the standards listed below, the stricter shall apply.

6 (d) Products intended for human consumption shall be
7 considered adulterated if contaminants are detected at levels
8 greater than the limits listed in this Section. Contaminant
9 limits under this Section do not constitute authorization to
10 use or apply any of the following contaminants during hemp
11 cultivation or processing.

12 (1) The following substances are prohibited in
13 intermediate hemp products, hemp extract, and hemp
14 cannabinoid products:

15 (A) Abamectin, 300 parts per billion for
16 ingestion; 100 parts per billion for inhalation.

17 (B) Acephate, 3,000 parts per billion for
18 ingestion; 100 parts per billion for inhalation.

19 (C) Acequinocyl, 2,000 parts per billion for
20 ingestion; 100 parts per billion for inhalation.

21 (D) Acetamiprid, 3,000 parts per billion for
22 ingestion; 100 parts per billion for inhalation.

23 (E) Aldicarb, 100 parts per billion for ingestion
24 or inhalation.

25 (F) Azoxystrobin, 3,000 parts per billion for
26 ingestion; 100 parts per billion for inhalation.

1 (G) Bifenazate, 3,000 parts per billion for
2 ingestion; 100 parts per billion for inhalation.

3 (H) Bifenthrin, 500 parts per billion for
4 ingestion; 100 parts per billion for inhalation.

5 (I) Boscalid, 3,000 parts per billion for
6 ingestion; 100 parts per billion for inhalation.

7 (J) Captan, 3,000 parts per billion for ingestion;
8 700 parts per billion for inhalation.

9 (K) Carbaryl, 500 parts per billion for ingestion;
10 500 parts per billion for inhalation.

11 (L) Carbofuran, 100 parts per billion for
12 ingestion or inhalation.

13 (M) Chlorantraniliprole, 3,000 parts per billion
14 for ingestion; 1,000 parts per billion for inhalation.

15 (N) Chlordane, 100 parts per billion for ingestion
16 or inhalation.

17 (O) Chlorfenapyr, 100 parts per billion for
18 ingestion or inhalation.

19 (P) Chlormequat chloride, 3,000 parts per billion
20 for ingestion; 1,000 parts per billion for inhalation.

21 (Q) Chlorpyrifos, 100 parts per billion for
22 ingestion or inhalation.

23 (R) Clofentezine, 500 parts per billion for
24 ingestion; 200 parts per billion for inhalation.

25 (S) Coumaphos, 100 parts per billion for ingestion
26 or inhalation.

1 (T) Cyfluthrin, 1,000 parts per billion for
2 ingestion; 500 parts per billion for inhalation.

3 (U) Cypermethrin, 1,000 parts per billion for
4 ingestion; 500 parts per billion for inhalation.

5 (V) Daminozide, 100 parts per billion for
6 ingestion or inhalation.

7 (W) DDVP (Dichlorvos), 100 parts per billion for
8 ingestion or inhalation.

9 (X) Diazinon, 200 parts per billion for ingestion;
10 100 parts per billion for inhalation.

11 (Y) Dimethoate, 100 parts per billion for
12 ingestion or inhalation.

13 (Z) Dimethomorph, 3,000 parts per billion for
14 ingestion; 200 parts per billion for inhalation.

15 (AA) Ethoprop(hos), 100 parts per billion for
16 ingestion or inhalation.

17 (BB) Etofenprox, 100 parts per billion for
18 ingestion or inhalation.

19 (CC) Etoxazole, 1,500 parts per billion for
20 ingestion; 100 parts per billion for inhalation.

21 (DD) Fenhexamid, 3,000 parts per billion for
22 ingestion; 100 parts per billion for inhalation.

23 (EE) Fenoxycarb, 100 parts per billion for
24 ingestion or inhalation.

25 (FF) Fenpyroximate, 2,000 parts per billion for
26 ingestion; 100 parts per billion for inhalation.

1 (GG) Fipronil, 100 parts per billion for ingestion
2 or inhalation.

3 (HH) Flonicamid, 2,000 parts per billion for
4 ingestion; 100 parts per billion for inhalation.

5 (II) Fludioxonil, 3,000 parts per billion for
6 ingestion; 100 parts per billion for inhalation.

7 (JJ) Hexythiazox, 2,000 parts per billion for
8 ingestion; 100 parts per billion for inhalation.

9 (KK) Imazalil, 100 parts per billion for ingestion
10 or inhalation.

11 (LL) Imidacloprid, 3,000 parts per billion for
12 ingestion; 400 parts per billion for inhalation.

13 (MM) Kresoxim-methyl, 1,000 parts per billion for
14 ingestion; 100 parts per billion for inhalation.

15 (NN) Malathion, 2,000 parts per billion for
16 ingestion; 200 parts per billion for inhalation.

17 (OO) Metalaxyl, 3,000 parts per billion for
18 ingestion; 100 parts per billion for inhalation.

19 (PP) Methiocarb, 100 parts per billion for
20 ingestion or inhalation.

21 (QQ) Methomyl, 100 parts per billion for ingestion
22 or inhalation.

23 (RR) Methyl parathion, 100 parts per billion for
24 ingestion or inhalation.

25 (SS) Mevinphos, 100 parts per billion for
26 ingestion or inhalation.

1 (TT) Myclobutanil, 3,000 parts per billion for
2 ingestion; prohibited at any concentration for
3 inhalation.

4 (UU) Naled, 500 parts per billion for ingestion;
5 250 parts per billion for inhalation.

6 (VV) Oxamyl, 500 parts per billion for ingestion
7 or inhalation.

8 (WW) Paclobutrazol, 100 parts per billion for
9 ingestion or inhalation.

10 (XX) Pentachloronitrobenzene, 200 parts per
11 billion for ingestion; 150 parts per billion for
12 inhalation.

13 (YY) Permethrin, 1,000 parts per billion for
14 ingestion; 100 parts per billion for inhalation.

15 (ZZ) Phosmet, 200 parts per billion for ingestion;
16 100 parts per billion for inhalation.

17 (AAA) Piperonyl butoxide, 3,000 parts per billion
18 for ingestion or inhalation.

19 (BBB) Prallethrin, 400 parts per billion for
20 ingestion; 100 parts per billion for inhalation.

21 (CCC) Propiconazole, 1,000 parts per billion for
22 ingestion; 100 parts per billion for inhalation.

23 (DDD) Propoxur, 100 parts per billion for
24 ingestion or inhalation.

25 (EEE) Pyrethrins, 1,000 parts per billion for
26 ingestion; 500 parts per billion for inhalation.

1 (FFF) Pyridaben, 3,000 parts per billion for
2 ingestion; 200 parts per billion for inhalation.

3 (GGG) Spinetoram, 3,000 parts per billion for
4 ingestion; 200 parts per billion for inhalation.

5 (HHH) Spinosad A & D, 3,000 parts per billion for
6 ingestion; 100 parts per billion for inhalation.

7 (III) Spiromesifen, 3,000 parts per billion for
8 ingestion; 100 parts per billion for inhalation.

9 (JJJ) Spirotetramat, 3,000 parts per billion for
10 ingestion; 100 parts per billion for inhalation.

11 (KKK) Spiroxamine, 100 parts per billion for
12 ingestion or inhalation.

13 (LLL) Tebuconazole, 1,000 parts per billion for
14 ingestion; 100 parts per billion for inhalation.

15 (MMM) Thiachlopid, 100 parts per billion for
16 ingestion; 100 parts per billion for inhalation.

17 (NNN) Thiamethoxam, 1,000 parts per billion for
18 ingestion; 500 parts per billion for inhalation.

19 (OOO) Trifloxystrobin, 3,000 parts per billion for
20 ingestion; 100 parts per billion for inhalation.

21 (2) Residual solvent limits for ingestion or
22 inhalation:

23 (A) 1,2-Dichloroethane, 2 parts per million.

24 (B) 1,1-Dichloroethene, 8 parts per million.

25 (C) Acetone, 750 parts per million.

26 (D) Acetonitrile, 60 parts per million.

- 1 (E) Benzene, 1 part per million.
- 2 (F) Butane, 5,000 parts per million.
- 3 (G) Chloroform, 2 parts per million.
- 4 (H) Ethanol, 5,000 parts per million.
- 5 (I) Ethyl Acetate, 400 parts per million.
- 6 (J) Ethyl Ether, 500 parts per million.
- 7 (K) Ethylene Oxide, 5 parts per million.
- 8 (L) Heptane, 5,000 parts per million.
- 9 (M) Hexane, 250 parts per million.
- 10 (N) Isopropyl Alcohol, 500 parts per million.
- 11 (O) Methanol, 250 parts per million.
- 12 (P) Methylene Chloride, 125 parts per million.
- 13 (Q) Pentane, 750 parts per million.
- 14 (R) Propane, 5,000 parts per million.
- 15 (S) Toluene, 150 parts per million.
- 16 (T) Trichloroethylene 25 parts per million.
- 17 (U) Xylenes, Total (ortho-, meta-, para-), 150
- 18 parts per million.
- 19 (3) Metals limits are:
- 20 (A) Cadmium, 500 parts per billion for ingestion;
- 21 200 parts per billion for inhalation.
- 22 (B) Lead, 500 parts per billion for ingestion or
- 23 inhalation.
- 24 (C) Arsenic, 1,500 parts per billion for
- 25 ingestion; 200 parts per billion for inhalation.
- 26 (D) Mercury, 3,000 parts per billion for

1 ingestion; 200 parts per billion for inhalation.

2 (4) Biological limits for ingestion or inhalation:

3 (A) Shiga toxin-producing escherichia coli (STEC
4 E. coli) and other pathogenic E. coli, 1 CFU per gram.

5 (B) Salmonella, 1 CFU per gram.

6 (C) Aspergillus niger, aspergillus fumigatus,
7 aspergillus flavus, aspergillus terreus, 1 CFU per
8 gram.

9 (5) Mycotoxin limits are:

10 (A) Total aflatoxin (B1, B2, G1, G2), 20 parts per
11 billion for ingestion or inhalation.

12 (B) Ochratoxin, 20 parts per billion for ingestion
13 or inhalation.

14 (6) The total combined yeast and mold limit is 100,000
15 CFU per gram for ingestion or inhalation.

16 (7) The cannabinoid limits are delta-9
17 tetrahydrocannabinol concentration shall not exceed 0.3%
18 by weight.

19 (8) If a testing sample is found to contain levels of
20 any pathogen, toxicant, residual solvent, metal, or
21 pesticide not enumerated in this Section or by State law,
22 then the hemp extract shall be considered adulterated.

23 (9) Devices used during the inhalation process must
24 not introduce contaminants over the limits listed in this
25 Section into the hemp extract product.

26 (e) If the sample failed the pesticide chemical residue

1 test, the entire batch from which the sample was taken shall,
2 if applicable, be recalled as provided by rule.

3 (f) If the sample failed any other test, the batch may be
4 used to make a CO2-based or solvent-based extract. After
5 processing, the CO2-based or solvent-based extract must still
6 pass all required tests.

7 (g) The Department of Agriculture shall establish
8 standards for microbial, mycotoxin, pesticide residue, solvent
9 residue, or other standards for the presence of possible
10 contaminants which shall be no stricter than those listed in
11 this Section.

12 (h) A hemp business establishment shall provide the
13 laboratory test results for each batch of hemp cannabinoid
14 products purchased by any other hemp business establishment,
15 upon request.

16 (505 ILCS 89/23.25 new)

17 Sec. 23.25. Laboratory testing for hemp-cannabinoid
18 products for human ingestion using intermediate-hemp products.

19 (a) Hemp food establishments using intermediate hemp
20 products to create hemp-cannabinoid products for human
21 ingestion that have passed the testing requirements under this
22 Act only need to test for potency provided that all other
23 ingredients and inputs to be added into the hemp-cannabinoid
24 products are food-grade.

25 (b) The manufacturer of a product regulated under this

1 section must submit a representative sample of the batch cycle
2 every time a different intermediate hemp product batch is used
3 to an independent, accredited laboratory, which shall be
4 tested by the approved laboratory for potency.

5 (c) The laboratory shall immediately return or dispose of
6 any hemp-cannabinoid product upon the completion of any
7 testing, use, or research. If the hemp-cannabinoid product is
8 disposed of, it shall be done in compliance with Department of
9 Agriculture rule.

10 (d) The hemp distributor or food establishment shall
11 provide to a hemp business establishment the laboratory test
12 results for each batch of hemp cannabinoid products purchased
13 by the hemp business establishment. Each hemp business
14 establishment must have these laboratory results available
15 upon request to purchasers.

16 (505 ILCS 89/23.30 new)

17 Sec. 23.30. Laboratory testing for ready-to-eat
18 hemp-cannabinoid products using tested intermediate-hemp
19 products.

20 (a) Retail hemp food establishments using intermediate
21 hemp products that have passed testing to create ready-to-eat
22 hemp-cannabinoid products only need to test for potency
23 provided that all other ingredients and inputs to be added
24 into the hemp-cannabinoid products are food-grade. The retail
25 hemp food establishment creating the ready-to-eat

1 hemp-cannabinoid product for manufacturer of a product
2 regulated under this Section must submit a representative
3 sample of its registered recipe using its registered dosing
4 standard operating procedure ("SOP") either (i) annually or
5 (ii) every time a different intermediate hemp product batch is
6 used to an independent, accredited laboratory, which shall be
7 tested by the approved laboratory for potency.

8 (b) The laboratory shall immediately return or dispose of
9 any ready-to-eat hemp-cannabinoid product upon the completion
10 of any testing, use, or research. If the ready-to-eat
11 hemp-cannabinoid product is disposed of, it shall be done in
12 compliance with Department of Agriculture rule.

13 (c) The retail hemp food establishment shall provide to
14 its customers a copy of its registered recipe and registered
15 dosing SOP. The hemp distributor or food establishment shall
16 provide to a hemp business establishment the laboratory test
17 results for each batch of hemp cannabinoid products purchased
18 by the hemp business establishment, upon request.

19 (d) Each hemp business establishment must have these
20 laboratory results available upon request to purchasers.

21 (505 ILCS 89/23.35 new)

22 Sec. 23.35. Standard remediation procedures and
23 guidelines.

24 (a) Non-compliant hemp may only be disposed of or
25 remediated. Only successfully remediated crops will be allowed

1 to enter the stream of commerce. All other non-compliant crops
2 shall be disposed.

3 (b) Remediation may take place using one of the following
4 options.

5 (1) Non-compliant hemp may be remediated by separating
6 and destroying non-compliant flowers, while retaining
7 stalks, leaves, and seeds.

8 (2) Non-compliant hemp may be remediated by shredding
9 the entire hemp lot to create biomass. Lots shall be kept
10 separate and shall not be combined during this process.

11 (c) The licensee, designated employee, or an approved
12 representative of the Department, as the Department deems
13 appropriate, shall remediate or dispose of non-compliant hemp.
14 The Department may require that a representative of the
15 Department be present during the remediation or disposal
16 process.

17 (d) Upon notification that a lot has tested above the
18 acceptable hemp THC level, the licensee shall notify the
19 Department of the licensee's decision to either dispose of or
20 remediate the non-compliant lot and the method of disposal or
21 remediation the licensee will use. If the licensee refuses to
22 dispose of or remediate the non-compliant hemp lot, the
23 Department will issue the licensee an order of disposal.

24 (e) All lots subject to remediation shall be stored,
25 labeled and kept apart from each other and from other
26 compliant hemp lots stored or held nearby.

1 (f) The following procedures must be followed during the
2 creation of biomass:

3 (1) The entire lot, as reported to the Department
4 shall be shredded to create a homogenous and uniform
5 biomass.

6 (2) The biomass created through this process shall be
7 resampled and retested to ensure compliance before
8 entering the stream of commerce. Biomass that fails the
9 retesting is non-compliant hemp and shall be disposed.

10 (g) Remediated biomass shall be separated from any
11 compliant hemp stored in the area and clearly labeled as "hemp
12 for remediation purposes". Remediated biomass shall not leave
13 the labeled area until a test result showing compliance with
14 the acceptable hemp THC level is received or the biomass is
15 ready to be disposed.

16 (h) Remediated biomass or remediated stalks, leaves, and
17 seeds shall be resampled and retested to ensure compliance
18 before entering the stream of commerce. Remediated biomass or
19 remediated stalks, leaves, and seeds that fail the retesting
20 shall be destroyed.

21 (i) The resample must be taken by the sampling agent in a
22 manner described in USDA published guidance and must meet the
23 USDA requirements set forth in Sections 990.3 and 990.27 of
24 the Domestic Hemp Production Program and the federal Code of
25 Regulations.

26 (j) When taking the resample, the sampling agent under

1 contract with a licensee or registrant shall take remediated
2 biomass or remediated stalks, leaves and seeds material from
3 various depths, locations, and containers in the labeled and
4 demarcated area to collect a representative sample of the
5 material. At minimum, 750 mL or three standard measuring cups
6 of remediated biomass or remediated stalks, leaves and seeds
7 material shall be collected. Sampling agents may collect more
8 remediated biomass or remediated stalks, leaves and seeds
9 material based on the requirements of the testing laboratory.
10 If 750 mL of material is not available, the sampling agent
11 shall collect enough remediated biomass or remediated stalks,
12 leaves and seeds material for a representative sample.

13 (k) An original copy of the resample test results, or a
14 legible copy, must be retained by the licensee or an
15 authorized representative and available for inspection for a
16 period of three years from the date of receipt.

17 (l) Laboratories testing a resample shall use the same
18 testing protocols as when testing a standard sample.

19 (m) In the event a crop will be harvested for hemp
20 microgreens, the crop will not be subject to the sampling and
21 testing requirements described in this Section).

22 (1) Due to extremely low levels of cannabinoids in the
23 immature plants, sampling and testing of every lot hemp
24 microgreens is unnecessary.

25 (2) Licensees are solely responsible for ensuring
26 seeds used by the licensee for hemp microgreen production

1 are from cannabis varieties meeting the definition of
2 hemp.

3 (3) A licensed grower who produces a crop that does
4 not meet the criteria for an exception as a hemp
5 microgreen under this subsection shall either:

6 (A) follow the compliance, sampling and testing
7 requirement pursuant to this Section; or

8 (B) dispose of the crop in by approved methods of
9 disposal include plowing, tilling, or disking plant
10 material into the soil; mulching, composting,
11 chopping, or bush mowing plant material into green
12 manure; burning plant material; burying plant material
13 into the earth and covering with soil, and any other
14 methods approved by USDA or the Department.

15 (n) In the event a hemp crop will be grown for ornamental
16 purposes, the crop will not be subject to the sampling and
17 testing requirements described in this Section.

18 (1) Due to extremely low levels of cannabinoids in the
19 plants, sampling and testing of every lot of ornamental
20 hemp is unnecessary.

21 (2) Licensees are solely responsible for ensuring
22 seeds used by the licensee for ornamental hemp production
23 are from varieties meeting the definition of hemp.

24 (3) A licensed grower who produces a crop that does
25 not meet the criteria for an exception as ornamental hemp
26 under this subsection shall either:

1 (A) follow the compliance, sampling and testing
2 requirement pursuant to this Section; or

3 (B) dispose of the crop in by approved methods of
4 disposal include plowing, tilling, or disking plant
5 material into the soil; mulching, composting,
6 chopping, or bush mowing plant material into green
7 manure; burning plant material; burying plant material
8 into the earth and covering with soil, and any other
9 methods approved by USDA or the Department.

10 (o) In the event a hemp crop will be grown for grain or
11 fiber purposes, the crop will not be subject to the sampling
12 and testing requirements described in this Section.

13 (1) Due to extremely low levels of cannabinoids in the
14 plants, sampling and testing of every lot of grain and
15 fiber hemp is unnecessary.

16 (2) Licensees are solely responsible for ensuring
17 seeds used by the licensee for grain or fiber hemp
18 production are from varieties meeting the definition of
19 hemp.

20 (3) A licensed grower who produces a crop that does
21 not meet the criteria for an exception as grain or fiber
22 hemp under this subsection shall either:

23 (A) follow the compliance, sampling and testing
24 requirement pursuant to this Act; or

25 (B) dispose of the crop in by approved methods of
26 disposal include plowing, tilling, or disking plant

1 material into the soil; mulching, composting,
2 chopping, or bush mowing plant material into green
3 manure; burning plant material; burying plant material
4 into the earth and covering with soil, and any other
5 methods approved by USDA or the Department.

6 (505 ILCS 89/24 new)

7 Sec. 24. Transportation of industrial hemp.

8 (a) Industrial hemp that has not been processed may be
9 transferred by the licensee or registrant from the place of
10 cultivation to the place of processing at any time after
11 passing official THC compliance testing. Approved laboratory
12 personnel, Department personnel, a third party designated by
13 the Department, cannabis transporter licensees, sampling
14 agents or hemp business establishment employees may transport
15 hemp samples for testing to laboratories for testing purposes.

16 (b) There is no State restriction on the transportation of
17 any hemp or hemp cannabinoid product including after the
18 retail sale to a member of the public.

19 (c) A licensed or registered person shall not ship or
20 transport, or allow to be shipped or transported, live hemp
21 plants, cuttings for planting, or viable seeds from a variety
22 that is currently designated by the Department as a prohibited
23 variety or a variety of concern to any location outside the
24 State.

25 (d) A licensed person shall not sell or transfer, or

1 permit the sale or transfer of, living plants or viable seeds
2 outside the State that is not authorized by a state agency
3 under the laws of the destination state.

4 (505 ILCS 89/25)

5 Sec. 25. Violation of State and federal law.

6 (a) Nothing in this Act shall be construed to authorize
7 any person to violate federal rules, regulations, or laws. If
8 any part of this Act conflicts with a provision of the federal
9 laws regarding industrial hemp, the federal provisions shall
10 control to the extent of the conflict.

11 (b) Any violations of this Act or any State or federal
12 criminal code may subject the licensee or registrant to
13 administrative penalties as set forth in this Act and may also
14 subject the licensee or registrant to criminal prosecution.

15 (c) Licensee information may be shared with law
16 enforcement without notice to the licensee.

17 (d) No hemp business establishment shall: hold itself out
18 to be a "dispensary", "marijuana dispensary", "dispensing
19 organization" or any kind of cannabis business establishment
20 unless such entity holds a valid cannabis business
21 establishment license.

22 (e) A licensee or registrant shall be subject to
23 subsection (b) if the Department determines that the licensee
24 or registrant has negligently violated this Act, including by
25 negligently:

1 (1) failing to obtain a license, registration or other
2 required authorization required by this Section from the
3 Department; or

4 (2) producing or processing cannabis sativa L. with a
5 THC concentration exceeding the acceptable hemp THC level.
6 Licensees do not commit a negligent violation if they make
7 reasonable efforts to grow hemp and the cannabis does not
8 have a delta-9 THC concentration of more than 1% on a dry
9 weight basis.

10 (f) A hemp licensee or registrant described in subsection
11 (a) shall comply with a corrective action plan established by
12 the Department to correct the negligent violation. The
13 corrective action plan shall include the following:

14 (1) a reasonable date by which the licensee or
15 registrant shall correct the negligent violation; and

16 (2) a requirement that the licensee or registrant
17 shall periodically report to the Department on the
18 compliance of the licensee or registrant for a period of
19 not less than 2 calendar years; and

20 (3) announced or unannounced inspections by Department
21 of licensee or registrant to confirm compliance with the
22 corrective action plan.

23 (g) A licensee or registrant who violates this Act shall
24 not, as a result of that violation, be subject to any criminal
25 enforcement action by any federal, State, or local government.

26 (h) The Department may, on its own initiative, or after

1 receipt of a complaint against a licensee or registrant,
2 investigate to determine whether a violation has taken place.

3 (i) A licensee or registrant who wants to contest the
4 Department's determination of a violation of the Act must do
5 so by submitting a request for an administrative hearing in
6 writing to the Department's Division of Cannabis Regulation,
7 attention hemp program, within 90 calendar days after
8 receiving notice of the violation.

9 (Source: P.A. 100-1091, eff. 8-26-18.)

10 (505 ILCS 89/26 new)

11 Sec. 26. Hemp cannabinoid products enforcement.

12 (a) The Department of Public Health, the Department of
13 Agriculture, and the Department of Financial and Professional
14 Regulation shall enforce the provisions of this Act with
15 regard to the hemp cannabinoid business establishments
16 registered under their respective authority, including the
17 authority to embargo products described in subsection (b).

18 (b) Hemp or hemp extract products must meet the
19 requirements of this Section. Hemp or hemp extract products
20 that do not meet the requirements of this Section or without
21 the documentation required in this Section may not be sold in
22 this State.

23 (c) Violations of this Section shall result in the
24 imposition of stop-sale or stop-use orders and an
25 administrative fine of up to \$5,000 per violation payable by

1 the hemp business establishment.

2 (d) The sale of hemp extract intended for inhalation to
3 persons under the age of 21, an individual under the age of 18
4 with a valid medical card shall result in an administrative
5 fine of \$5,000 per occurrence.

6 (e) All licensees and registrants shall be subject to
7 inspections at the discretion of the Department to ensure
8 compliance with the Act. The inspections may be scheduled and
9 unannounced annual inspections, random inspections, and
10 inspections for the purposes of auditing.

11 (f) The Department shall provide a minimum of 5 business
12 days notice to the licensee for an annual of the inspection.
13 The notification shall inform the licensee of the scope and
14 process by which the annual inspection will be conducted.

15 (g) Failure to comply with a properly noticed inspection
16 shall result in the initiation of disciplinary proceedings
17 pursuant to this Act.

18 (h) For a non-random inspection, either the licensee or an
19 agent of the licensee shall be present for the inspection and
20 sampling and shall provide the inspector with unrestricted
21 access to all industrial hemp plants, parts, seeds, hemp
22 cannabinoid products, intermediate hemp products, and
23 harvested material, including all buildings and other
24 structures used for the cultivation and storage of industrial
25 hemp and all documents pertaining to the licensee's industrial
26 hemp cultivation, processing, distributing, retailing and

1 business.

2 (505 ILCS 89/27 new)

3 Sec. 27. Publishing information. The Department shall make
4 available to the public complaints about cannabinoid products,
5 information regarding a pending administrative hearing or
6 court case under this Act, or any disciplinary action taken
7 against a hemp business establishment.

8 (505 ILCS 89/28 new)

9 Sec. 28. Temporary restraining order or injunction. The
10 Director, through the Attorney General, may file a complaint
11 and apply to the circuit court for, and the court upon hearing
12 and for cause shown may grant, a temporary restraining order
13 or a preliminary or permanent injunction restraining any
14 person from violating this Act.

15 (505 ILCS 89/30 new)

16 Sec. 30. Licensing and regulation; hemp cultivators.

17 (a) In this Section, "Department" means the Department of
18 Agriculture.

19 (b) No person shall cultivate industrial hemp for the
20 purposes of commerce in the State without first receiving an
21 industrial hemp cultivator license from the Department.

22 (c) All licensed hemp cultivators shall be responsible to
23 ensure that their harvest of raw hemp products and live hemp

1 products test under 0.3 percent delta-9 THC.

2 (d) No land area may contain cannabis plants or parts of
3 cannabis plants that the licensee knows or has reason to know
4 are of a variety that will produce a plant that, when tested,
5 will produce more than 0.3% delta-9 THC concentration on a dry
6 weight basis. No licensee shall use any such variety for any
7 purpose associated with the cultivation of industrial hemp.

8 (e) There shall be no minimum land area for hemp
9 cultivation.

10 (f) All licensed hemp cultivators can sell their harvest
11 of raw hemp products and live hemp products that test under 0.3
12 percent delta-9 THC to other hemp businesses or persons.

13 (g) A hemp business establishment that handles or stores
14 live hemp products must obtain a separate hemp cultivator
15 license for that location.

16 (h) A licensed hemp business establishment shall not plant
17 or grow hemp on any site not listed in the application.

18 (i) Licensed industrial hemp cultivators are solely
19 responsible for procuring seeds, clones, transplants or
20 propagules for planting.

21 (j) No licensee shall harvest any portion of a hemp crop
22 until after the lot to be harvested has been sampled pursuant
23 to this Act, unless they can show good cause or receive prior
24 department approval in writing.

25 (k) There shall be no change of ownership of any hemp crop
26 until laboratory testing has been completed on such crop

1 pursuant to this Act.

2 (l) All licensees and registrants are subject to audit and
3 inspection by the Department.

4 (m) Each licensee and registrant shall maintain all
5 records for a period of at least 3 years. "Records" includes
6 harvest reports, sales data including license numbers of
7 licensees or registrants purchasing seed, propaules or raw
8 industrial hemp, testing results, sampling documentation,
9 resampling results, disposal reports, transportation records,
10 and any reports made to USDA, FSA, or the Department.

11 (n) A licensed or registered person shall not ship or
12 transport cannabis seeds, plants or parts of cannabis plants
13 that the licensee knows or has reason to know are of a variety
14 that will produce a plant that, when tested, will produce more
15 than 0.3% delta-9 THC concentration on a dry weight basis.

16 (505 ILCS 89/35 new)

17 Sec. 35. Licensing and regulation; hemp processors.

18 (a) In this Section, "Department" means the Department of
19 Agriculture.

20 (b) In addition to processing hemp, licensed hemp
21 processors may turn hemp plant material into intermediate hemp
22 products, manufacture hemp products for inhalation or topical
23 use, and manufacture intermediate hemp products.

24 (c) No person shall prepare and sell wholesale packaged
25 cannabinoid products that are intended for inhalation or

1 intermediate hemp products, unless it is licensed by the
2 Department as a hemp processor or hemp distributor.

3 (505 ILCS 89/40 new)

4 Sec. 40. Licensing and regulation; hemp distributors.

5 (a) In this Section, "Department" means the Department of
6 Financial and Professional Regulation.

7 (b) All intermediate hemp products, live hemp products and
8 hemp-cannabinoid products must be obtained from a hemp
9 business establishment licensed by the State or from another
10 similarly licensed out-of-state entity.

11 (c) No person shall prepare and sell wholesale packaged
12 cannabinoid products that are intended for inhalation or
13 intermediate cannabinoid products unless it is licensed by the
14 Department as a hemp processor or hemp distributor.

15 (505 ILCS 89/45 new)

16 Sec. 45. Licensing and regulation; hemp retailers.

17 (a) In this Section, "Department" means the Department of
18 Financial and Professional Regulation.

19 (b) No person shall operate a hemp retail establishment
20 for the purpose of serving purchasers of hemp-cannabinoid
21 products without a license issued under this Section by the
22 Department.

23 (c) All live hemp products and hemp-cannabinoid products
24 must be obtained from a hemp cultivator, hemp distributor,

1 hemp food establishment or another hemp retailer licensed by
2 the State or from another similarly licensed out-of-state
3 entity.

4 (d) Hemp retailing organizations that obtain a hemp food
5 establishment license may prepare and sell ready-to-eat
6 hemp-cannabinoid products.

7 (e) Hemp retailing organizations that maintain a hemp food
8 establishment license may host cottage hemp food operators on
9 the licensed home food establishment premises for special
10 events lasting no longer than 3 days.

11 (f) Out of state organizations are not allowed to sell
12 hemp-cannabinoid products to end-consumers within the State
13 unless they obtain a hemp retailer license and maintain proof
14 of age verification and shipping manifests for a period of 1
15 year.

16 (g) No person shall offer inhalable cannabinoid products
17 for sale directly to the public unless it is licensed as a hemp
18 retailer.

19 (h) Any retailer that sells hemp extract intended for
20 inhalation shall post a clear and conspicuous sign directly
21 adjacent to the display of the product that states the
22 following: "The sale of hemp extract intended for inhalation
23 to persons under the age of 21 is prohibited. Proof of age is
24 required for purchase".

25 (i) Hemp extract or hemp cannabinoid products intended for
26 inhalation or ingestion may not be mailed, shipped, or

1 otherwise delivered to a purchaser unless, before the delivery
2 to the purchaser, the hemp food establishment obtains
3 confirmation that the purchaser is 21 years of age or older.

4 (505 ILCS 89/50 new)

5 Sec. 50. Licensing and regulation; hemp food
6 establishments.

7 (a) In this Section, "Department" means the Department of
8 Public Health.

9 (b) Hemp retailing licensees under Section 45 that obtain
10 a hemp food establishment license under this Section may
11 prepare and sell ready-to-eat hemp-cannabinoid products.

12 (c) No person shall operate a hemp retail establishment
13 for the purpose of serving purchasers of hemp-cannabinoid
14 products for human ingestion or ready-to-eat hemp-cannabinoid
15 products without a license issued under this Section by the
16 Department.

17 (d) A hemp food establishment will comply with the food
18 handling, preparation, packaging and labeling provisions of
19 the Food, Drug, and Cosmetic Act, the Food Handling Regulation
20 Enforcement Act, and the Sanitary Food Preparation Act.

21 (e) A hemp food establishment shall be under the
22 operational supervision of a certified food service sanitation
23 manager, in possession of a valid BASSET certification,
24 responsible vendor training, or other similar on-premises or
25 off-promise alcohol serving certification.

1 (f) Any hemp food establishment dealing in the manufacture
2 and sale of food items which does not comply with the existing
3 State laws related to food handling or does not comply with the
4 health and food handling regulations of any unit of local
5 government having jurisdiction of such establishment may be
6 enjoined from doing business in the following manner: the
7 Department of Public Health or local departments of health may
8 seek an injunction in the circuit court for the county in which
9 such establishment is located. Such injunction, if granted,
10 shall prohibit such business establishments from selling
11 hemp-cannabinoid products for human ingestion until it
12 complies with any applicable State law or regulations of a
13 local governmental agency. However, no injunction may be
14 sought or granted before January 1, 2025, to enforce any rule
15 or regulation requiring a licensed food business to adhere to
16 these regulations.

17 (g) Ready to eat hemp-cannabinoid products are not allowed
18 to be imported.

19 (h) In order to sell ready-to-eat hemp cannabinoid
20 products, a hemp food establishment shall:

21 (1) Use only intermediate hemp products that have
22 passed a full-panel test in accordance with this Act.

23 (2) Sell no product containing more than 50mg of THC
24 per serving.

25 (3) Submit a standard operating procedure ("SOP") for
26 dosing to the Department for approval and registration.

1 Such approval shall be granted within 30 days of
2 submission unless the Department provides good cause, in
3 writing, for withholding approval.

4 (4) Submit the SOP, at the hemp food establishment's
5 expense, to a third party testing laboratory for potency
6 testing to ensure 0.3% delta-9 THC compliance, once a
7 year.

8 (5) Use only the varietal or proportional varietals of
9 ingredients included in the tested recipe for all
10 subsequent batches of such recipe.

11 (6) Provide documentation of the annual test results
12 of the recipe submitted under this paragraph upon
13 registration and to an inspector upon request during any
14 inspection authorized by the Department.

15 (i) A hemp food establishment shall provide a valid hemp
16 food establishment license and the most recent food safety or
17 health inspection report from the approved source to the
18 Department upon request.

19 (505 ILCS 89/55 new)

20 Sec. 55. Licensing and regulation of cottage hemp food
21 operators.

22 (a) In this Section, "Department" means the Department of
23 Public Health.

24 (b) No person shall operate a cottage hemp food operator
25 for the purpose of serving purchasers of ready-to-eat

1 hemp-cannabinoid products without a license issued under this
2 Section.

3 (c) The Fee for a cottage hemp food operator license shall
4 be \$75.

5 (d) Applicants for a cottage hemp food operator license
6 shall be individuals.

7 (e) Businesses licensed under the Cannabis Regulation and
8 Tax Act or the Compassionate Use of Medical Cannabis Program
9 Act may not hold a hemp cottage food license.

10 (f) "Cottage hemp food operators" must register with a
11 hemp distributor on an annual basis.

12 (g) "Cottage hemp food operators" are responsible for
13 paying hemp taxes to their hemp distributor.

14 (h) "Cottage hemp food operators" have an annual
15 intermediate hemp products purchase limit equivalent to of
16 1,000 g (1,000,000 mg) of THC.

17 (i) Cottage hemp food operators must comply with all
18 aspects of Section 4 of the Food Handling Regulation
19 Enforcement Act.

20 (j) In order to produce cottage hemp-cannabinoid products,
21 the cottage hemp food operator shall:

22 (1) Use only intermediate hemp products from its
23 registered distributor that have been fully tested in
24 accordance with this Act.

25 (2) Attest to following a standard operating procedure
26 ("SOP") submitted by its registered distributor for dosing

1 to the Department for approval and registration

2 (3) Not dose each serving with more than 50 mg of THC.

3 (k) In order to sell cottage hemp-cannabinoid products,
4 the cottage hemp food operator shall display at the point of
5 sale:

6 (1) A QR code with to links to a web page containing:

7 (A) a copy of the testing results of the
8 intermediate hemp product used; and

9 (B) a copy of the registered distributor's dosing
10 SOP.

11 (2) Notice in a prominent location that states "This
12 product was made using tested cannabinoids but was
13 produced in a home kitchen not inspected by a health
14 department that may also process common food allergens and
15 may not be accurately dosed. If you have safety concerns,
16 contact your local health department."

17 (1) Cottage hemp-cannabinoid products must conform with
18 the labeling requirements of the Food, Drug and Cosmetic Act
19 and the food shall be affixed with a prominent label that
20 includes the following:

21 (1) The name of the cottage hemp food operation.

22 (2) The identifying registration number provided for
23 the cottage hemp food operation.

24 (3) A label displaying the total milligram content of
25 each type of cannabinoid exceeding 1 mg contained in each
26 cottage hemp-cannabinoid product.

1 (4) The following phrase in prominent lettering "This
2 product was made using tested cannabinoids but was
3 produced in a home kitchen not inspected by a health
4 department that may also process common food allergens and
5 may not be accurately dosed. If you have safety concerns,
6 contact your local health department".

7 (m) Cottage hemp-cannabinoid products are not allowed to
8 be imported.

9 (n) Cottage hemp-cannabinoid products produced by a
10 cottage hemp food operator shall be sold directly to consumers
11 for their own consumption and not for resale. Sales directly
12 to consumers include, but are not limited to, sales at or
13 through:

14 (1) farmer's markets;

15 (2) fairs, festivals, public events, or online;

16 (3) pickup from the private home or farm of the
17 cottage hemp food operator, if the pickup is not
18 prohibited by any law of the unit of local government that
19 applies equally to all cottage food operations; in a
20 municipality with a population of 1,000,000 or more, a
21 cottage hemp food operator shall comply with any law of
22 the municipality that applies equally to all home-based
23 businesses;

24 (4) delivery to the customer;

25 (5) pick-up from a third-party private property with
26 the consent of the third-party property holder; and

1 (6) hemp retail establishments.

2 (505 ILCS 89/60 new)

3 Sec. 60. Academic research institutions. Academic research
4 institutions shall be subject to all provisions of this Act
5 with the exception of the following:

6 (1) The fee for a license and for renewal of that
7 license will be \$100 annually.

8 (2) An academic research institution is exempt from
9 the testing described in this Act. Potency testing shall
10 be conducted by academic research designated laboratory.

11 (3) An academic research institution shall provide the
12 following reports, which shall be confidential to the
13 extent that they reveal, or release research conducted,
14 unless the academic research institution provides
15 authorization for release:

16 (A) Within 72 hours after the academic research
17 institution receives test results, the following data
18 shall be provided to the Department:

19 (i) the test results;

20 (ii) photos of samples; and

21 (iii) documentation of sampling chain of
22 custody.

23 (B) No later than December 1 of each year, each
24 academic research institution shall submit an
25 industrial hemp academic institution research report

1 to the Department that includes:

2 (i) Total acres or square feet of industrial
3 hemp planted in the current calendar year.

4 (ii) A description of each variety planted and
5 harvested in the current calendar year.

6 (iii) Total acres or square feet harvested in
7 the current calendar year.

8 (iv) Total yield in the appropriate
9 measurement, such as tonnage, seeds per acre, or
10 other measurement approved by the Department.

11 (v) A disposal report for each lot or field
12 harvested at the conclusion of the academic
13 research.

14 (vi) A description of the research and
15 research findings.

16 (4) Academic research institutions shall report hemp
17 planting acreage to the federal Department of Agriculture
18 Farm Service Agency as described in this Act, with the
19 exception that this report does not have to be broken down
20 by lot or planting date.

21 (5) Hemp grown for research purposes may not enter the
22 stream of commerce at any time. Hemp grown for research
23 purposes must be disposed of in accordance with these
24 administrative rules at the conclusion of the research
25 period.

26 (6) Academic research institutions shall be exempt

1 from the inspection and sampling provisions in this Act.
2 Academic research institution sampling procedures shall
3 include the following:

4 (A) Academic research institutions shall notify
5 the Department at least seven business days prior to
6 collection of samples. The notification shall include
7 the name of the individual designated as the academic
8 sampling agent and the GPS coordinates for the samples
9 to be taken.

10 (B) Academic research institutions shall identify
11 and designate a sampling agent. For academic research
12 institutions only, a sampling agent may be an
13 employee.

14 (C) The academic sampling agent shall verify the
15 GPS coordinates of the growing area as compared with
16 the GPS coordinates submitted by the academic research
17 institution to Department.

18 (D) The sampling agent shall estimate the average
19 height, appearance, approximate density, condition of
20 the plants, and degree of maturity of the
21 inflorescences, or flowers and buds. The sampling
22 agent shall visually establish the homogeneity of the
23 stand to establish that the growing area is of like
24 variety.

25 (E) All samples shall be collected from the
26 flowering tops of the plant by cutting the top five to

1 eight inches from the main stem (that includes the
2 leaves and flowers), terminal bud (that occurs at the
3 end of a stem), or central cola (cut stem that could
4 develop into a bud) of the flowering top of the plant.
5 Samples shall be collected and maintained in such a
6 way that there is no commingling of samples or sample
7 material.

8 (7) At the request of the academic research
9 institution, and with the Department's written permission,
10 an academic research institution may opt for
11 performance-based sampling protocols instead of the
12 provisions outlined in this Act.

13 (8) Consideration for performance-based sampling
14 protocols will include:

15 (A) Whether the academic research institution can
16 provide proof of a seed certification process or
17 process that identifies varieties that have
18 consistently demonstrated to result in compliant hemp
19 plants.

20 (B) The academic research institution's history of
21 producing compliant hemp plants over an extended
22 period of time.

23 (C) The academic research institution's plan to
24 ensure, at a confidence level of 95%, that no more than
25 1% of the plants in each sampling will exceed the
26 acceptable THC level.

1 (i) Performance-based sampling protocol will be subject to
2 the following terms and conditions:

3 (1) When samples are collected, the sampling procedure
4 must follow the provisions of this Act.

5 (2) The Department reserves the right to sample and
6 test, or order the sampling and testing, of any hemp lot at
7 any time to ensure compliance with the acceptable hemp THC
8 level.

9 (3) Violations of performance-based methods will
10 result in academic research institutions no longer being
11 exempt from the sampling procedures outlined in this Act
12 and may result in administrative penalties as outlined in
13 this Act.

14 (505 ILCS 89/65 new)

15 Sec. 65. Government demonstration and research entity.

16 (a) Government demonstration and research entity shall be
17 subject to all provisions of this Act with the exception of the
18 following:

19 (1) The fee for a license shall be \$100.

20 (2) Renewal fee shall be \$100.

21 (3) Licenses shall be valid for a period of one year.

22 (4) The Department shall be exempt from the license
23 fee and background check.

24 (b) A government demonstration and research entity are
25 exempt from the testing described in this Act, so long as all

1 hemp produced is destroyed according to the Act and the
2 provisions of this Section.

3 (c) Hemp grown for governmental research and demonstration
4 purposes may not enter the stream of commerce at any time.

5 (d) Hemp grown for governmental research and demonstration
6 purposes must be disposed of in accordance with this Act at the
7 conclusion of the demonstration or research period.

8 (505 ILCS 89/80 new)

9 Sec. 80. Cannabinoid retail tax.

10 (a) Unless otherwise specified in this Section, beginning
11 on January 1, 2025, a tax is imposed upon purchases for all
12 hemp-cannabinoid products (hemp-cannabinoid products for
13 inhalation, hemp-cannabinoid products for ingestion and
14 ready-to-eat hemp-cannabinoid products) at a rate of 5% of the
15 purchase price of the cannabinoid products.

16 (b) The tax shall be deposited in the Industrial Hemp
17 Fund.

18 (c) The following types of hemp cannabinoid products shall
19 not be taxed under this Act:

20 (1) full-spectrum products;

21 (2) broad spectrum products;

22 (3) isolate-based hemp-cannabinoid products;

23 (4) hemp-cannabinoid products sold for research
24 purposes;

25 (5) hemp-cannabinoid products with less than .5mg

1 delta-9 Tetrahydrocannabinol per serving;

2 (6) processed hemp, live hemp products, raw hemp
3 products, processed-hemp products, intermediate-hemp
4 products and cottage hemp-cannabinoid products.

5 (d) The tax imposed under this Section shall be in
6 addition to all other occupation, privilege or excise taxes
7 imposed by the State or by any unit of local government.

8 (e) The tax imposed under this Section shall not be
9 imposed on any purchase by a purchaser if the hemp retailer is
10 prohibited by the federal or State Constitution, treaty,
11 convention, statute or court decision from collecting the tax
12 from the purchaser.

13 (f) The tax imposed by this Section shall be collected
14 from the purchaser by the hemp retailer or hemp food
15 establishment and shall be remitted to the Department on or
16 before the 20th day following the end of the preceding
17 calendar quarter stating the following:

18 (1) The hemp retailer's or hemp food establishments
19 name.

20 (2) The address of the hemp retailer's principal place
21 of business and the address of the principal place of
22 business (if that is a different address) from which the
23 hemp retailer engaged in the business of selling
24 cannabinoid products subject to tax under this Section.

25 (3) The total purchase price received by the hemp
26 retailer for hemp subject to tax under this Section.

1 (4) The amount of tax due.

2 (5) The signature of the hemp retailer.

3 (6) All returns required to be filed and payments
4 required to be made under this Section shall be by
5 electronic means.

6 (g) Any amount that is required to be shown or reported on
7 any return or other document under this Section shall, if the
8 amount is not a whole-dollar amount, be increased to the
9 nearest whole-dollar amount if the fractional part of a dollar
10 is \$0.50 or more and decreased to the nearest whole-dollar
11 amount if the fractional part of a dollar is less than \$0.50.
12 If a total amount of less than \$1 is payable, refundable, or
13 creditable, the amount shall be disregarded if it is less than
14 \$0.50 and shall be increased to \$1 if it is \$0.50 or more.

15 (h) Any hemp retailer required to collect the tax imposed
16 by this Section shall be liable to the Department for the tax,
17 whether or not the tax has been collected by the hemp retailer,
18 and any such tax shall constitute a debt owed by the hemp
19 retailer to this State. To the extent that a hemp retailer
20 required to collect the tax imposed by this Act has actually
21 collected that tax, the tax is held in trust for the benefit of
22 the Department.

23 (i) Any hemp retailer who ceases to engage in the kind of
24 business that makes the person responsible for filing returns
25 under this Section shall file a final return under this
26 Section with the Department within one month after

1 discontinuing the business.

2 (j) Hemp cannabinoid products intended for inhalation
3 shall not be subject to the Tobacco Products Tax.

4 (k) Hemp business establishments shall tax credit equal to
5 50% of the retail or wholesale value of minority business
6 owned products sold.

7 (505 ILCS 89/100 new)

8 Sec. 100. Local ordinances.

9 (a) Unless otherwise provided under this Act or otherwise
10 in accordance with State law:

11 (1) A unit of local government, including a home rule
12 unit or any non-home rule county within the unincorporated
13 territory of the county, may enact reasonable zoning
14 ordinances or resolution, not in conflict with this Act or
15 rules adopted pursuant to the Act, regulating hemp
16 business establishments. No unit of local government,
17 including a home rule unit or any non-home rule county
18 within the unincorporated territory of the county, may
19 prohibit home cultivation or consumption of hemp or
20 cannabinoid products authorized by this Act.

21 (2) A unit of local government, including a home rule
22 unit or any non-home rule county within the unincorporated
23 territory of the county, may enact ordinances or rules not
24 in conflict with this Act or with rules adopted pursuant
25 to this Act governing the time and manner of hemp business

1 establishment operations through the use of conditional
2 use permits. A unit of local government, including a home
3 rule unit, may establish civil penalties for violation of
4 an ordinance or rules governing the time and manner of
5 operation of a hemp business establishment or a
6 conditional use permit in the jurisdiction of the unit of
7 local government. No unit of local government, including a
8 home rule unit or non-home rule county within an
9 unincorporated territory of the county, may unreasonably
10 restrict the time or manner of hemp business establishment
11 operations authorized by this Act. No unit of local
12 government, including a home rule unit or non-home rule
13 county within an unincorporated territory of the county,
14 may restrict the number of hemp business establishment
15 operations authorized by this Act.

16 (3) A unit of local government, including a home rule
17 unit or any non-home rule county within the unincorporated
18 territory of the county, may not enact minimum distance
19 limitations between hemp business establishments and
20 locations it deems sensitive.

21 (4) A unit of local government, including a home rule
22 unit, or any non-home rule county within the
23 unincorporated territory of the county may authorize or
24 permit the on-premises consumption of cannabinoid products
25 at or in a dispensing organization or retail tobacco
26 store, as defined in Section 10 of the Smoke Free Illinois

1 Act, within its jurisdiction in a manner consistent with
2 this Act. A dispensing organization or retail tobacco
3 store authorized or permitted by a unit of local
4 government to allow on-site consumption shall not be
5 deemed a public place within the meaning of the Smoke Free
6 Illinois Act.

7 (5) A unit of local government, including a home rule
8 unit, or any non-home rule county within the
9 unincorporated territory of the county may issue licenses
10 to regulate hemp food establishments in a manner
11 consistent with this Act.

12 (6) A unit of local government, including a home rule
13 unit or any non-home rule county within the unincorporated
14 territory of the county, may not regulate the activities
15 described in paragraph (1), (2), or (3) in a manner more
16 restrictive than the regulation of those activities by the
17 State under this Act. This Section is a limitation under
18 Section 6 of Article VII of the Illinois Constitution.

19 (vii) A unit of local government, including a home
20 rule unit or any non-home rule county within the
21 unincorporated territory of the county, may not enact
22 ordinances to prohibit or significantly limit a hemp
23 business establishment's location.

24 (b) Except as otherwise provided in this Act, the
25 regulation and permitting of the activities described in this
26 Act are exclusive powers and functions of the State. Except as

1 otherwise provided in this Act, a unit of local government,
2 including a home rule unit, may not regulate or license the
3 activities described in this Act. This Section is a denial and
4 limitation of home rule powers and functions under Section 6
5 of Article VII of the Illinois Constitution.

6 (c) A unit of local government, including a home rule unit
7 or any non-home rule county within the unincorporated
8 territory of the county, may not require the issuance of a
9 tobacco license as a condition of authorizing a hemp business
10 establishment.

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- 2 505 ILCS 89/23.15 new
- 3 505 ILCS 89/23.20 new
- 4 505 ILCS 89/23.25 new
- 5 505 ILCS 89/23.30 new
- 6 505 ILCS 89/23.35 new
- 7 505 ILCS 89/24 new
- 8 505 ILCS 89/25
- 9 505 ILCS 89/26 new
- 10 505 ILCS 89/27 new
- 11 505 ILCS 89/28 new
- 12 505 ILCS 89/30 new
- 13 505 ILCS 89/35 new
- 14 505 ILCS 89/40 new
- 15 505 ILCS 89/45 new
- 16 505 ILCS 89/50 new
- 17 505 ILCS 89/55 new
- 18 505 ILCS 89/60 new
- 19 505 ILCS 89/65 new
- 20 505 ILCS 89/80 new
- 21 505 ILCS 89/100 new