



## 103RD GENERAL ASSEMBLY

### State of Illinois

2023 and 2024

HB5490

Introduced 2/9/2024, by Rep. Kimberly Du Buclet

#### SYNOPSIS AS INTRODUCED:

805 ILCS 5/15.35	from Ch. 32, par. 15.35
805 ILCS 5/15.65	from Ch. 32, par. 15.65
805 ILCS 5/15.97	from Ch. 32, par. 15.97

Amends the Business Corporation Act of 1983. Provides that, in the case of a domestic or foreign corporation, no payment is required for a franchise tax that would have been due and payable on or after January 1, 2025. Provides that all amounts remaining in the Corporate Franchise Tax Refund Fund shall be transferred to the General Revenue Fund no later than December 31, 2025. Repeals provisions concerning franchise taxes payable by domestic and foreign corporations on January 1, 2026. Effective immediately.

LRB103 37755 SPS 67883 b

1 AN ACT concerning business.

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

4 Section 5. The Business Corporation Act of 1983 is amended  
5 by changing Sections 15.35, 15.65, and 15.97 as follows:

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

7 (Text of Section from P.A. 102-16 and 103-8)

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

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

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

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

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

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

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

8 On or after January 1, 2020 and prior to January 1, 2021,  
9 the first \$30 in liability is exempt from the tax imposed under  
10 this Section. On or after January 1, 2021, and prior to January  
11 1, 2024, the first \$1,000 in liability is exempt from the tax  
12 imposed under this Section. On or after January 1, 2024 and  
13 prior to January 1, 2025, the first \$5,000 in liability is  
14 exempt from the tax imposed under this Section. The provisions  
15 of this Section shall not require the payment of any franchise  
16 tax that would otherwise have been due and payable on or after  
17 January 1, 2025. There shall be no refunds or proration of  
18 franchise tax for any taxes due and payable on or after January  
19 1, 2025 on the basis that a portion of the corporation's  
20 taxable year extends beyond January 1, 2025.

21 This Section is repealed on January 1, 2026.

22 (Source: P.A. 102-16, eff. 6-17-21; 103-8, eff. 6-7-23.)

23 (Text of Section from P.A. 102-282, 102-558, and 103-8)

24 Sec. 15.35. Franchise taxes payable by domestic  
25 corporations. For the privilege of exercising its franchises

1 in this State, each domestic corporation shall pay to the  
2 Secretary of State the following franchise taxes, computed on  
3 the basis, at the rates and for the periods prescribed in this  
4 Act:

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

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

18 (c) An additional franchise tax at the time of filing  
19 a report of paid-in capital following a statutory merger  
20 or consolidation, which discloses that the paid-in capital  
21 of the surviving or new corporation immediately after the  
22 merger or consolidation is greater than the sum of the  
23 paid-in capital of all of the merged or consolidated  
24 corporations as last reported by them in any documents,  
25 other than annual reports, required by this Act to be  
26 filed in the office of the Secretary of State; and in

1 addition, the surviving or new corporation shall be liable  
2 for a further additional franchise tax on the paid-in  
3 capital of each of the merged or consolidated corporations  
4 as last reported by them in any document, other than an  
5 annual report, required by this Act to be filed with the  
6 Secretary of State from their taxable year end to the next  
7 succeeding anniversary month or, in the case of a  
8 corporation which has established an extended filing  
9 month, the extended filing month of the surviving or new  
10 corporation; however if the taxable year ends within the  
11 2-month period immediately preceding the anniversary month  
12 or, in the case of a corporation which has established an  
13 extended filing month, the extended filing month of the  
14 surviving or new corporation the tax will be computed to  
15 the anniversary month or, in the case of a corporation  
16 which has established an extended filing month, the  
17 extended filing month of the surviving or new corporation  
18 in the next succeeding calendar year.

19 (d) An annual franchise tax payable each year with the  
20 annual report which the corporation is required by this  
21 Act to file.

22 On or after January 1, 2020 and prior to January 1, 2021,  
23 the first \$30 in liability is exempt from the tax imposed under  
24 this Section. On or after January 1, 2021 and prior to January  
25 1, 2024, the first \$1,000 in liability is exempt from the tax  
26 imposed under this Section. On or after January 1, 2024 and

1 prior to January 1, 2025, the first \$5,000 in liability is  
2 exempt from the tax imposed under this Section. The provisions  
3 of this Section shall not require the payment of any franchise  
4 tax that would otherwise have been due and payable on or after  
5 January 1, 2025. There shall be no refunds or proration of  
6 franchise tax for any taxes due and payable on or after January  
7 1, 2025 on the basis that a portion of the corporation's  
8 taxable year extends beyond January 1, 2025.

9 This Section is repealed on January 1, 2026.

10 (Source: P.A. 102-282, eff. 1-1-22; 102-558, eff. 8-20-21;  
11 103-8, eff. 6-7-23.)

12 (805 ILCS 5/15.65) (from Ch. 32, par. 15.65)

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

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

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

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

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



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

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

12 On or after January 1, 2020 and prior to January 1, 2021,  
13 the first \$30 in liability is exempt from the tax imposed under  
14 this Section. On or after January 1, 2021 and prior to January  
15 1, 2025, the first \$1,000 in liability is exempt from the tax  
16 imposed under this Section. The provisions of this Section  
17 shall not require the payment of any franchise tax that would  
18 otherwise have been due and payable on or after January 1,  
19 2025. There shall be no refunds or proration of franchise tax  
20 for any taxes due and payable on or after January 1, 2025 on  
21 the basis that a portion of the corporation's taxable year  
22 extends beyond January 1, 2025.

23 This Section is repealed on January 1, 2026.

24 (Source: P.A. 101-9, eff. 6-5-19; 102-16, eff. 6-17-21;  
25 102-558, eff. 8-20-21; 102-813, eff. 5-13-22.)

1 (805 ILCS 5/15.97) (from Ch. 32, par. 15.97)

2 Sec. 15.97. Corporate Franchise Tax Refund Fund.

3 (a) Beginning July 1, 1993, a percentage of the amounts  
4 collected under Sections 15.35, 15.45, 15.65, and 15.75 of  
5 this Act shall be deposited into the Corporate Franchise Tax  
6 Refund Fund, a special Fund hereby created in the State  
7 treasury. From July 1, 1993, until December 31, 1994, there  
8 shall be deposited into the Fund 3% of the amounts received  
9 under those Sections. Beginning January 1, 1995, and for each  
10 fiscal year beginning thereafter, 2% of the amounts collected  
11 under those Sections during the preceding fiscal year shall be  
12 deposited into the Fund.

13 (b) Beginning July 1, 1993, moneys in the Fund shall be  
14 expended exclusively for the purpose of paying refunds payable  
15 because of overpayment of franchise taxes, penalties, or  
16 interest under Sections 13.70, 15.35, 15.45, 15.65, 15.75, and  
17 16.05 of this Act and making transfers authorized under this  
18 Section. Refunds in accordance with the provisions of  
19 subsections (f) and (g) of Section 1.15 and Section 1.17 of  
20 this Act may be made from the Fund only to the extent that  
21 amounts collected under Sections 15.35, 15.45, 15.65, and  
22 15.75 of this Act have been deposited in the Fund and remain  
23 available. On or before August 31 of each year, the balance in  
24 the Fund in excess of \$100,000 shall be transferred to the  
25 General Revenue Fund. Notwithstanding the provisions of this  
26 subsection, for the period commencing on or after July 1,

1 2022, amounts in the fund shall not be transferred to the  
2 General Revenue Fund and shall be used to pay refunds in  
3 accordance with the provisions of this Act. Within a  
4 reasonable time after December 31, 2024, but no later than  
5 December 31, 2025, the Secretary of State shall direct and the  
6 Comptroller shall order transferred to the General Revenue  
7 Fund all amounts remaining in the fund.

8 (c) This Act shall constitute an irrevocable and  
9 continuing appropriation from the Corporate Franchise Tax  
10 Refund Fund for the purpose of paying refunds upon the order of  
11 the Secretary of State in accordance with the provisions of  
12 this Section.

13 (d) This Section is repealed on January 1, 2026.

14 (Source: P.A. 102-282, eff. 1-1-22; 103-8, eff. 6-7-23.)

15 Section 99. Effective date. This Act takes effect upon  
16 becoming law.