



Sen. Win Stoller

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1 AMENDMENT TO SENATE BILL 1147

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1147 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Income Tax Act is amended by  
5 changing Section 201 as follows:

6 (35 ILCS 5/201)

7 Sec. 201. Tax imposed.

8 (a) In general. A tax measured by net income is hereby  
9 imposed on every individual, corporation, trust and estate for  
10 each taxable year ending after July 31, 1969 on the privilege  
11 of earning or receiving income in or as a resident of this  
12 State. Such tax shall be in addition to all other occupation or  
13 privilege taxes imposed by this State or by any municipal  
14 corporation or political subdivision thereof.

15 (b) Rates. The tax imposed by subsection (a) of this  
16 Section shall be determined as follows, except as adjusted by

1 subsection (d-1):

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

6 (2) In the case of an individual, trust or estate, for  
7 taxable years beginning prior to July 1, 1989 and ending  
8 after June 30, 1989, an amount equal to the sum of (i) 2  
9 1/2% of the taxpayer's net income for the period prior to  
10 July 1, 1989, as calculated under Section 202.3, and (ii)  
11 3% of the taxpayer's net income for the period after June  
12 30, 1989, as calculated under Section 202.3.

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

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

24 (5) In the case of an individual, trust, or estate,  
25 for taxable years beginning on or after January 1, 2011,  
26 and ending prior to January 1, 2015, an amount equal to 5%

1 of the taxpayer's net income for the taxable year.

2 (5.1) In the case of an individual, trust, or estate,  
3 for taxable years beginning prior to January 1, 2015, and  
4 ending after December 31, 2014, an amount equal to the sum  
5 of (i) 5% of the taxpayer's net income for the period prior  
6 to January 1, 2015, as calculated under Section 202.5, and  
7 (ii) 3.75% of the taxpayer's net income for the period  
8 after December 31, 2014, as calculated under Section  
9 202.5.

10 (5.2) In the case of an individual, trust, or estate,  
11 for taxable years beginning on or after January 1, 2015,  
12 and ending prior to July 1, 2017, an amount equal to 3.75%  
13 of the taxpayer's net income for the taxable year.

14 (5.3) In the case of an individual, trust, or estate,  
15 for taxable years beginning prior to July 1, 2017, and  
16 ending after June 30, 2017, an amount equal to the sum of  
17 (i) 3.75% of the taxpayer's net income for the period  
18 prior to July 1, 2017, as calculated under Section 202.5,  
19 and (ii) 4.95% of the taxpayer's net income for the period  
20 after June 30, 2017, as calculated under Section 202.5.

21 (5.4) In the case of an individual, trust, or estate,  
22 for taxable years beginning on or after July 1, 2017, an  
23 amount equal to 4.95% of the taxpayer's net income for the  
24 taxable year.

25 (6) In the case of a corporation, for taxable years  
26 ending prior to July 1, 1989, an amount equal to 4% of the

1 taxpayer's net income for the taxable year.

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

9 (8) In the case of a corporation, for taxable years  
10 beginning after June 30, 1989, and ending prior to January  
11 1, 2011, an amount equal to 4.8% of the taxpayer's net  
12 income for the taxable year.

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

20 (10) In the case of a corporation, for taxable years  
21 beginning on or after January 1, 2011, and ending prior to  
22 January 1, 2015, an amount equal to 7% of the taxpayer's  
23 net income for the taxable year.

24 (11) In the case of a corporation, for taxable years  
25 beginning prior to January 1, 2015, and ending after  
26 December 31, 2014, an amount equal to the sum of (i) 7% of

1 the taxpayer's net income for the period prior to January  
2 1, 2015, as calculated under Section 202.5, and (ii) 5.25%  
3 of the taxpayer's net income for the period after December  
4 31, 2014, as calculated under Section 202.5.

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

9 (13) In the case of a corporation, for taxable years  
10 beginning prior to July 1, 2017, and ending after June 30,  
11 2017, an amount equal to the sum of (i) 5.25% of the  
12 taxpayer's net income for the period prior to July 1,  
13 2017, as calculated under Section 202.5, and (ii) 7% of  
14 the taxpayer's net income for the period after June 30,  
15 2017, as calculated under Section 202.5.

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

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

21 (b-5) Surcharge; sale or exchange of assets, properties,  
22 and intangibles of organization gaming licensees. For each of  
23 taxable years 2019 through 2027, a surcharge is imposed on all  
24 taxpayers on income arising from the sale or exchange of  
25 capital assets, depreciable business property, real property  
26 used in the trade or business, and Section 197 intangibles (i)

1 of an organization licensee under the Illinois Horse Racing  
2 Act of 1975 and (ii) of an organization gaming licensee under  
3 the Illinois Gambling Act. The amount of the surcharge is  
4 equal to the amount of federal income tax liability for the  
5 taxable year attributable to those sales and exchanges. The  
6 surcharge imposed shall not apply if:

7 (1) the organization gaming license, organization  
8 license, or racetrack property is transferred as a result  
9 of any of the following:

10 (A) bankruptcy, a receivership, or a debt  
11 adjustment initiated by or against the initial  
12 licensee or the substantial owners of the initial  
13 licensee;

14 (B) cancellation, revocation, or termination of  
15 any such license by the Illinois Gaming Board or the  
16 Illinois Racing Board;

17 (C) a determination by the Illinois Gaming Board  
18 that transfer of the license is in the best interests  
19 of Illinois gaming;

20 (D) the death of an owner of the equity interest in  
21 a licensee;

22 (E) the acquisition of a controlling interest in  
23 the stock or substantially all of the assets of a  
24 publicly traded company;

25 (F) a transfer by a parent company to a wholly  
26 owned subsidiary; or

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

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

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

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

21 (c) Personal Property Tax Replacement Income Tax.  
22 Beginning on July 1, 1979 and thereafter, in addition to such  
23 income tax, there is also hereby imposed the Personal Property  
24 Tax Replacement Income Tax measured by net income on every  
25 corporation (including Subchapter S corporations), partnership  
26 and trust, for each taxable year ending after June 30, 1979.

1 Such taxes are imposed on the privilege of earning or  
2 receiving income in or as a resident of this State. The  
3 Personal Property Tax Replacement Income Tax shall be in  
4 addition to the income tax imposed by subsections (a) and (b)  
5 of this Section and in addition to all other occupation or  
6 privilege taxes imposed by this State or by any municipal  
7 corporation or political subdivision thereof.

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

20 (d-1) Rate reduction for certain foreign insurers. In the  
21 case of a foreign insurer, as defined by Section 35A-5 of the  
22 Illinois Insurance Code, whose state or country of domicile  
23 imposes on insurers domiciled in Illinois a retaliatory tax  
24 (excluding any insurer whose premiums from reinsurance assumed  
25 are 50% or more of its total insurance premiums as determined  
26 under paragraph (2) of subsection (b) of Section 304, except



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

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

21 (A) the total amount of tax imposed on such  
22 foreign insurer under this Act for a taxable year, net  
23 of all credits allowed under this Act, plus

24 (B) the privilege tax imposed by Section 409 of  
25 the Illinois Insurance Code, the fire insurance  
26 company tax imposed by Section 12 of the Fire

1 Investigation Act, and the fire department taxes  
2 imposed under Section 11-10-1 of the Illinois  
3 Municipal Code,  
4 equals 1.25% for taxable years ending prior to December  
5 31, 2003, or 1.75% for taxable years ending on or after  
6 December 31, 2003, of the net taxable premiums written for  
7 the taxable year, as described by subsection (1) of  
8 Section 409 of the Illinois Insurance Code. This paragraph  
9 will in no event increase the rates imposed under  
10 subsections (b) and (d).

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

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

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

23 (1) A taxpayer shall be allowed a credit equal to .5%  
24 of the basis of qualified property placed in service  
25 during the taxable year, provided such property is placed  
26 in service on or after July 1, 1984. There shall be allowed

1 an additional credit equal to .5% of the basis of  
2 qualified property placed in service during the taxable  
3 year, provided such property is placed in service on or  
4 after July 1, 1986, and the taxpayer's base employment  
5 within Illinois has increased by 1% or more over the  
6 preceding year as determined by the taxpayer's employment  
7 records filed with the Illinois Department of Employment  
8 Security. Taxpayers who are new to Illinois shall be  
9 deemed to have met the 1% growth in base employment for the  
10 first year in which they file employment records with the  
11 Illinois Department of Employment Security. The provisions  
12 added to this Section by Public Act 85-1200 (and restored  
13 by Public Act 87-895) shall be construed as declaratory of  
14 existing law and not as a new enactment. If, in any year,  
15 the increase in base employment within Illinois over the  
16 preceding year is less than 1%, the additional credit  
17 shall be limited to that percentage times a fraction, the  
18 numerator of which is .5% and the denominator of which is  
19 1%, but shall not exceed .5%. The investment credit shall  
20 not be allowed to the extent that it would reduce a  
21 taxpayer's liability in any tax year below zero, nor may  
22 any credit for qualified property be allowed for any year  
23 other than the year in which the property was placed in  
24 service in Illinois. For tax years ending on or after  
25 December 31, 1987, and on or before December 31, 1988, the  
26 credit shall be allowed for the tax year in which the

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

1 tax year that is available to offset a liability, earlier  
2 credit shall be applied first.

3 (2) The term "qualified property" means property  
4 which:

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

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

17 (C) is acquired by purchase as defined in Section  
18 179(d) of the Internal Revenue Code;

19 (D) is used in Illinois by a taxpayer who is  
20 primarily engaged in manufacturing, or in mining coal  
21 or fluorite, or in retailing, or was placed in service  
22 on or after July 1, 2006 in a River Edge Redevelopment  
23 Zone established pursuant to the River Edge  
24 Redevelopment Zone Act; and

25 (E) has not previously been used in Illinois in  
26 such a manner and by such a person as would qualify for

1           the credit provided by this subsection (e) or  
2           subsection (f).

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

22          (4) The basis of qualified property shall be the basis  
23          used to compute the depreciation deduction for federal  
24          income tax purposes.

25          (5) If the basis of the property for federal income  
26          tax depreciation purposes is increased after it has been

1 placed in service in Illinois by the taxpayer, the amount  
2 of such increase shall be deemed property placed in  
3 service on the date of such increase in basis.

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

6 (7) If during any taxable year, any property ceases to  
7 be qualified property in the hands of the taxpayer within  
8 48 months after being placed in service, or the situs of  
9 any qualified property is moved outside Illinois within 48  
10 months after being placed in service, the Personal  
11 Property Tax Replacement Income Tax for such taxable year  
12 shall be increased. Such increase shall be determined by  
13 (i) recomputing the investment credit which would have  
14 been allowed for the year in which credit for such  
15 property was originally allowed by eliminating such  
16 property from such computation and, (ii) subtracting such  
17 recomputed credit from the amount of credit previously  
18 allowed. For the purposes of this paragraph (7), a  
19 reduction of the basis of qualified property resulting  
20 from a redetermination of the purchase price shall be  
21 deemed a disposition of qualified property to the extent  
22 of such reduction.

23 (8) Unless the investment credit is extended by law,  
24 the basis of qualified property shall not include costs  
25 incurred after December 31, 2018, except for costs  
26 incurred pursuant to a binding contract entered into on or

1 before December 31, 2018.

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

18 For taxable years ending on or after December 31,  
19 2000, a partner that qualifies its partnership for a  
20 subtraction under subparagraph (I) of paragraph (2) of  
21 subsection (d) of Section 203 or a shareholder that  
22 qualifies a Subchapter S corporation for a subtraction  
23 under subparagraph (S) of paragraph (2) of subsection (b)  
24 of Section 203 shall be allowed a credit under this  
25 subsection (e) equal to its share of the credit earned  
26 under this subsection (e) during the taxable year by the



1 partnership or Subchapter S corporation, determined in  
2 accordance with the determination of income and  
3 distributive share of income under Sections 702 and 704  
4 and Subchapter S of the Internal Revenue Code. This  
5 paragraph is exempt from the provisions of Section 250.

6 (f) Investment credit; Enterprise Zone; River Edge  
7 Redevelopment Zone.

8 (1) A taxpayer shall be allowed a credit against the  
9 tax imposed by subsections (a) and (b) of this Section for  
10 investment in qualified property which is placed in  
11 service in an Enterprise Zone created pursuant to the  
12 Illinois Enterprise Zone Act or, for property placed in  
13 service on or after July 1, 2006, a River Edge  
14 Redevelopment Zone established pursuant to the River Edge  
15 Redevelopment Zone Act. For partners, shareholders of  
16 Subchapter S corporations, and owners of limited liability  
17 companies, if the liability company is treated as a  
18 partnership for purposes of federal and State income  
19 taxation, there shall be allowed a credit under this  
20 subsection (f) to be determined in accordance with the  
21 determination of income and distributive share of income  
22 under Sections 702 and 704 and Subchapter S of the  
23 Internal Revenue Code. The credit shall be .5% of the  
24 basis for such property. The credit shall be available  
25 only in the taxable year in which the property is placed in  
26 service in the Enterprise Zone or River Edge Redevelopment

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

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

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

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

24 (C) is acquired by purchase as defined in Section  
25 179(d) of the Internal Revenue Code;

26 (D) is used in the Enterprise Zone or River Edge

1           Redevelopment Zone by the taxpayer; and

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

6           (3) The basis of qualified property shall be the basis  
7           used to compute the depreciation deduction for federal  
8           income tax purposes.

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

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

17          (6) If during any taxable year, any property ceases to  
18          be qualified property in the hands of the taxpayer within  
19          48 months after being placed in service, or the situs of  
20          any qualified property is moved outside the Enterprise  
21          Zone or River Edge Redevelopment Zone within 48 months  
22          after being placed in service, the tax imposed under  
23          subsections (a) and (b) of this Section for such taxable  
24          year shall be increased. Such increase shall be determined  
25          by (i) recomputing the investment credit which would have  
26          been allowed for the year in which credit for such

1 property was originally allowed by eliminating such  
2 property from such computation, and (ii) subtracting such  
3 recomputed credit from the amount of credit previously  
4 allowed. For the purposes of this paragraph (6), a  
5 reduction of the basis of qualified property resulting  
6 from a redetermination of the purchase price shall be  
7 deemed a disposition of qualified property to the extent  
8 of such reduction.

9 (7) There shall be allowed an additional credit equal  
10 to 0.5% of the basis of qualified property placed in  
11 service during the taxable year in a River Edge  
12 Redevelopment Zone, provided such property is placed in  
13 service on or after July 1, 2006, and the taxpayer's base  
14 employment within Illinois has increased by 1% or more  
15 over the preceding year as determined by the taxpayer's  
16 employment records filed with the Illinois Department of  
17 Employment Security. Taxpayers who are new to Illinois  
18 shall be deemed to have met the 1% growth in base  
19 employment for the first year in which they file  
20 employment records with the Illinois Department of  
21 Employment Security. If, in any year, the increase in base  
22 employment within Illinois over the preceding year is less  
23 than 1%, the additional credit shall be limited to that  
24 percentage times a fraction, the numerator of which is  
25 0.5% and the denominator of which is 1%, but shall not  
26 exceed 0.5%.

1           (8) For taxable years beginning on or after January 1,  
2           2021, there shall be allowed an Enterprise Zone  
3           construction jobs credit against the taxes imposed under  
4           subsections (a) and (b) of this Section as provided in  
5           Section 13 of the Illinois Enterprise Zone Act.

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

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

25          The total aggregate amount of credits awarded under  
26          the Blue Collar Jobs Act (Article 20 of Public Act 101-9)

1 shall not exceed \$20,000,000 in any State fiscal year.

2 This paragraph (8) is exempt from the provisions of  
3 Section 250.

4 (g) (Blank).

5 (h) Investment credit; High Impact Business.

6 (1) Subject to subsections (b) and (b-5) of Section  
7 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall  
8 be allowed a credit against the tax imposed by subsections  
9 (a) and (b) of this Section for investment in qualified  
10 property which is placed in service by a Department of  
11 Commerce and Economic Opportunity designated High Impact  
12 Business. The credit shall be .5% of the basis for such  
13 property. The credit shall not be available (i) until the  
14 minimum investments in qualified property set forth in  
15 subdivision (a)(3)(A) of Section 5.5 of the Illinois  
16 Enterprise Zone Act have been satisfied or (ii) until the  
17 time authorized in subsection (b-5) of the Illinois  
18 Enterprise Zone Act for entities designated as High Impact  
19 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and  
20 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone  
21 Act, and shall not be allowed to the extent that it would  
22 reduce a taxpayer's liability for the tax imposed by  
23 subsections (a) and (b) of this Section to below zero. The  
24 credit applicable to such investments shall be taken in  
25 the taxable year in which such investments have been  
26 completed. The credit for additional investments beyond

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

20 Changes made in this subdivision (h) (1) by Public Act  
21 88-670 restore changes made by Public Act 85-1182 and  
22 reflect existing law.

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

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

26 (B) is depreciable pursuant to Section 167 of the

1 Internal Revenue Code, except that "3-year property"  
2 as defined in Section 168(c)(2)(A) of that Code is not  
3 eligible for the credit provided by this subsection  
4 (h);

5 (C) is acquired by purchase as defined in Section  
6 179(d) of the Internal Revenue Code; and

7 (D) is not eligible for the Enterprise Zone  
8 Investment Credit provided by subsection (f) of this  
9 Section.

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

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

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

21 (6) If during any taxable year ending on or before  
22 December 31, 1996, any property ceases to be qualified  
23 property in the hands of the taxpayer within 48 months  
24 after being placed in service, or the situs of any  
25 qualified property is moved outside Illinois within 48  
26 months after being placed in service, the tax imposed



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

13 (7) Beginning with tax years ending after December 31,  
14 1996, if a taxpayer qualifies for the credit under this  
15 subsection (h) and thereby is granted a tax abatement and  
16 the taxpayer relocates its entire facility in violation of  
17 the explicit terms and length of the contract under  
18 Section 18-183 of the Property Tax Code, the tax imposed  
19 under subsections (a) and (b) of this Section shall be  
20 increased for the taxable year in which the taxpayer  
21 relocated its facility by an amount equal to the amount of  
22 credit received by the taxpayer under this subsection (h).

23 (h-5) High Impact Business construction jobs credit. For  
24 taxable years beginning on or after January 1, 2021, there  
25 shall also be allowed a High Impact Business construction jobs  
26 credit against the tax imposed under subsections (a) and (b)

1 of this Section as provided in subsections (i) and (j) of  
2 Section 5.5 of the Illinois Enterprise Zone Act.

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

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

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

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

26 (i) Credit for Personal Property Tax Replacement Income

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

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

24 If, during any taxable year ending on or after December  
25 31, 1986, the tax imposed by subsections (c) and (d) of this  
26 Section for which a taxpayer has claimed a credit under this

1 subsection (i) is reduced, the amount of credit for such tax  
2 shall also be reduced. Such reduction shall be determined by  
3 recomputing the credit to take into account the reduced tax  
4 imposed by subsections (c) and (d). If any portion of the  
5 reduced amount of credit has been carried to a different  
6 taxable year, an amended return shall be filed for such  
7 taxable year to reduce the amount of credit claimed.

8 (j) Training expense credit. Beginning with tax years  
9 ending on or after December 31, 1986 and prior to December 31,  
10 2003, a taxpayer shall be allowed a credit against the tax  
11 imposed by subsections (a) and (b) under this Section for all  
12 amounts paid or accrued, on behalf of all persons employed by  
13 the taxpayer in Illinois or Illinois residents employed  
14 outside of Illinois by a taxpayer, for educational or  
15 vocational training in semi-technical or technical fields or  
16 semi-skilled or skilled fields, which were deducted from gross  
17 income in the computation of taxable income. The credit  
18 against the tax imposed by subsections (a) and (b) shall be  
19 1.6% of such training expenses. For partners, shareholders of  
20 subchapter S corporations, and owners of limited liability  
21 companies, if the liability company is treated as a  
22 partnership for purposes of federal and State income taxation,  
23 there shall be allowed a credit under this subsection (j) to be  
24 determined in accordance with the determination of income and  
25 distributive share of income under Sections 702 and 704 and  
26 subchapter S of the Internal Revenue Code.

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

11 (k) Research and development credit. For tax years ending  
12 after July 1, 1990 and prior to December 31, 2003, and  
13 beginning again for tax years ending on or after December 31,  
14 2004, and ending prior to January 1, 2027, a taxpayer shall be  
15 allowed a credit against the tax imposed by subsections (a)  
16 and (b) of this Section for increasing research activities in  
17 this State. The credit allowed against the tax imposed by  
18 subsections (a) and (b) shall be equal to 6 1/2% of the  
19 qualifying expenditures for increasing research activities in  
20 this State. For partners, shareholders of subchapter S  
21 corporations, and owners of limited liability companies, if  
22 the liability company is treated as a partnership for purposes  
23 of federal and State income taxation, there shall be allowed a  
24 credit under this subsection to be determined in accordance  
25 with the determination of income and distributive share of  
26 income under Sections 702 and 704 and subchapter S of the

1 Internal Revenue Code.

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

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

23 If an unused credit is carried forward to a given year from  
24 2 or more earlier years, that credit arising in the earliest  
25 year will be applied first against the tax liability for the  
26 given year. If a tax liability for the given year still

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

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

12 It is the intent of the General Assembly that the research  
13 and development credit under this subsection (k) shall apply  
14 continuously for all tax years ending on or after December 31,  
15 2004 and ending prior to January 1, 2027, including, but not  
16 limited to, the period beginning on January 1, 2016 and ending  
17 on July 6, 2017 (the effective date of Public Act 100-22). All  
18 actions taken in reliance on the continuation of the credit  
19 under this subsection (k) by any taxpayer are hereby  
20 validated.

21 (l) Environmental Remediation Tax Credit.

22 (i) For tax years ending after December 31, 1997 and  
23 on or before December 31, 2001, a taxpayer shall be  
24 allowed a credit against the tax imposed by subsections  
25 (a) and (b) of this Section for certain amounts paid for  
26 unreimbursed eligible remediation costs, as specified in

1           this subsection. For purposes of this Section,  
2           "unreimbursed eligible remediation costs" means costs  
3           approved by the Illinois Environmental Protection Agency  
4           ("Agency") under Section 58.14 of the Environmental  
5           Protection Act that were paid in performing environmental  
6           remediation at a site for which a No Further Remediation  
7           Letter was issued by the Agency and recorded under Section  
8           58.10 of the Environmental Protection Act. The credit must  
9           be claimed for the taxable year in which Agency approval  
10          of the eligible remediation costs is granted. The credit  
11          is not available to any taxpayer if the taxpayer or any  
12          related party caused or contributed to, in any material  
13          respect, a release of regulated substances on, in, or  
14          under the site that was identified and addressed by the  
15          remedial action pursuant to the Site Remediation Program  
16          of the Environmental Protection Act. After the Pollution  
17          Control Board rules are adopted pursuant to the Illinois  
18          Administrative Procedure Act for the administration and  
19          enforcement of Section 58.9 of the Environmental  
20          Protection Act, determinations as to credit availability  
21          for purposes of this Section shall be made consistent with  
22          those rules. For purposes of this Section, "taxpayer"  
23          includes a person whose tax attributes the taxpayer has  
24          succeeded to under Section 381 of the Internal Revenue  
25          Code and "related party" includes the persons disallowed a  
26          deduction for losses by paragraphs (b), (c), and (f)(1) of



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

17 (ii) A credit allowed under this subsection that is  
18 unused in the year the credit is earned may be carried  
19 forward to each of the 5 taxable years following the year  
20 for which the credit is first earned until it is used. The  
21 term "unused credit" does not include any amounts of  
22 unreimbursed eligible remediation costs in excess of the  
23 maximum credit per site authorized under paragraph (i).  
24 This credit shall be applied first to the earliest year  
25 for which there is a liability. If there is a credit under  
26 this subsection from more than one tax year that is

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

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

20 (m) Education expense credit. Beginning with tax years  
21 ending after December 31, 1999, a taxpayer who is the  
22 custodian of one or more qualifying pupils shall be allowed a  
23 credit against the tax imposed by subsections (a) and (b) of  
24 this Section for qualified education expenses incurred on  
25 behalf of the qualifying pupils. The credit shall be equal to  
26 25% of qualified education expenses, but in no event may the

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

14 For purposes of this subsection:

15 "Qualifying pupils" means individuals who (i) are  
16 residents of the State of Illinois, (ii) are under the age of  
17 21 at the close of the school year for which a credit is  
18 sought, and (iii) during the school year for which a credit is  
19 sought were full-time pupils enrolled in a kindergarten  
20 through twelfth grade education program at any school, as  
21 defined in this subsection.

22 "Qualified education expense" means the amount incurred on  
23 behalf of a qualifying pupil in excess of \$250 for tuition,  
24 book fees, and lab fees at the school in which the pupil is  
25 enrolled during the regular school year.

26 "School" means any public or nonpublic elementary or

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

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

10 (n) River Edge Redevelopment Zone site remediation tax  
11 credit.

12 (i) For tax years ending on or after December 31,  
13 2006, a taxpayer shall be allowed a credit against the tax  
14 imposed by subsections (a) and (b) of this Section for  
15 certain amounts paid for unreimbursed eligible remediation  
16 costs, as specified in this subsection. For purposes of  
17 this Section, "unreimbursed eligible remediation costs"  
18 means costs approved by the Illinois Environmental  
19 Protection Agency ("Agency") under Section 58.14a of the  
20 Environmental Protection Act that were paid in performing  
21 environmental remediation at a site within a River Edge  
22 Redevelopment Zone for which a No Further Remediation  
23 Letter was issued by the Agency and recorded under Section  
24 58.10 of the Environmental Protection Act. The credit must  
25 be claimed for the taxable year in which Agency approval  
26 of the eligible remediation costs is granted. The credit

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

22 (ii) A credit allowed under this subsection that is  
23 unused in the year the credit is earned may be carried  
24 forward to each of the 5 taxable years following the year  
25 for which the credit is first earned until it is used. This  
26 credit shall be applied first to the earliest year for

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

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

21           (o) For each of taxable years during the Compassionate Use  
22      of Medical Cannabis Program, a surcharge is imposed on all  
23      taxpayers on income arising from the sale or exchange of  
24      capital assets, depreciable business property, real property  
25      used in the trade or business, and Section 197 intangibles of  
26      an organization registrant under the Compassionate Use of

1 Medical Cannabis Program Act. The amount of the surcharge is  
2 equal to the amount of federal income tax liability for the  
3 taxable year attributable to those sales and exchanges. The  
4 surcharge imposed does not apply if:

5 (1) the medical cannabis cultivation center  
6 registration, medical cannabis dispensary registration, or  
7 the property of a registration is transferred as a result  
8 of any of the following:

9 (A) bankruptcy, a receivership, or a debt  
10 adjustment initiated by or against the initial  
11 registration or the substantial owners of the initial  
12 registration;

13 (B) cancellation, revocation, or termination of  
14 any registration by the Illinois Department of Public  
15 Health;

16 (C) a determination by the Illinois Department of  
17 Public Health that transfer of the registration is in  
18 the best interests of Illinois qualifying patients as  
19 defined by the Compassionate Use of Medical Cannabis  
20 Program Act;

21 (D) the death of an owner of the equity interest in  
22 a registrant;

23 (E) the acquisition of a controlling interest in  
24 the stock or substantially all of the assets of a  
25 publicly traded company;

26 (F) a transfer by a parent company to a wholly

1 owned subsidiary; or

2 (G) the transfer or sale to or by one person to  
3 another person where both persons were initial owners  
4 of the registration when the registration was issued;  
5 or

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

13 (p) Pass-through entity tax.

14 (1) For taxable years ending on or after December 31,  
15 2021 and beginning prior to January 1, 2026, a partnership  
16 (other than a publicly traded partnership under Section  
17 7704 of the Internal Revenue Code) or Subchapter S  
18 corporation may elect to apply the provisions of this  
19 subsection. A separate election shall be made for each  
20 taxable year. Such election shall be made at such time,  
21 and in such form and manner as prescribed by the  
22 Department, and, once made, is irrevocable.

23 (2) Entity-level tax. A partnership or Subchapter S  
24 corporation electing to apply the provisions of this  
25 subsection shall be subject to a tax for the privilege of  
26 earning or receiving income in this State in an amount



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

3 (3) Net income defined.

4 (A) In general. For purposes of paragraph (2), the  
5 term net income has the same meaning as defined in  
6 Section 202 of this Act, except that, for tax years  
7 ending on or after December 31, 2023, a deduction  
8 shall be allowed in computing base income for  
9 distributions to a retired partner to the extent that  
10 the partner's distributions are exempt from tax under  
11 Section 201(a)(2)(F) of this Act. In addition, the  
12 following modifications ~~provisions~~ shall not apply:

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (9) Requirement to pay estimated tax. For each taxable

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

6 (10) The provisions of this subsection shall apply  
7 only with respect to taxable years for which the  
8 limitation on individual deductions applies under Section  
9 164(b)(6) of the Internal Revenue Code.

10 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;  
11 101-207, eff. 8-2-19; 101-363, eff. 8-9-19; 102-558, eff.  
12 8-20-21; 102-658, eff. 8-27-21.)

13 Section 99. Effective date. This Act takes effect upon  
14 becoming law."