



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB2047

Introduced 2/9/2023, by Sen. Win Stoller

SYNOPSIS AS INTRODUCED:

35 ILCS 5/201
35 ILCS 5/214
35 ILCS 5/216
35 ILCS 5/218
35 ILCS 5/222
35 ILCS 5/224
35 ILCS 5/228
35 ILCS 5/229
35 ILCS 5/231
35 ILCS 5/237
35 ILCS 5/251 new

Amends the Illinois Income Tax Act. Provides that, if the taxpayer is a partnership or Subchapter S corporation, the credit is allowed to pass through to the partners and shareholders in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code, or as otherwise agreed by the partners or shareholders, provided that such agreement shall be executed in writing prior to the due date of the return for the taxable year and meet such other requirements as the Department of Revenue may establish by rule.

LRB103 00133 HLH 45137 b

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Sections 201, 214, 216, 218, 222, 224, 228, 229, 231,
6 and 237 and by adding Section 251 as follows:

7 (35 ILCS 5/201)

8 Sec. 201. Tax imposed.

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

16 (b) Rates. The tax imposed by subsection (a) of this
17 Section shall be determined as follows, except as adjusted by
18 subsection (d-1):

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

23 (2) In the case of an individual, trust or estate, for

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

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

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

18 (5) In the case of an individual, trust, or estate,
19 for taxable years beginning on or after January 1, 2011,
20 and ending prior to January 1, 2015, an amount equal to 5%
21 of the taxpayer's net income for the taxable year.

22 (5.1) In the case of an individual, trust, or estate,
23 for taxable years beginning prior to January 1, 2015, and
24 ending after December 31, 2014, an amount equal to the sum
25 of (i) 5% of the taxpayer's net income for the period prior
26 to January 1, 2015, as calculated under Section 202.5, and

1 (ii) 3.75% of the taxpayer's net income for the period
2 after December 31, 2014, as calculated under Section
3 202.5.

4 (5.2) In the case of an individual, trust, or estate,
5 for taxable years beginning on or after January 1, 2015,
6 and ending prior to July 1, 2017, an amount equal to 3.75%
7 of the taxpayer's net income for the taxable year.

8 (5.3) In the case of an individual, trust, or estate,
9 for taxable years beginning prior to July 1, 2017, and
10 ending after June 30, 2017, an amount equal to the sum of
11 (i) 3.75% of the taxpayer's net income for the period
12 prior to July 1, 2017, as calculated under Section 202.5,
13 and (ii) 4.95% of the taxpayer's net income for the period
14 after June 30, 2017, as calculated under Section 202.5.

15 (5.4) In the case of an individual, trust, or estate,
16 for taxable years beginning on or after July 1, 2017, an
17 amount equal to 4.95% of the taxpayer's net income for the
18 taxable year.

19 (6) In the case of a corporation, for taxable years
20 ending prior to July 1, 1989, an amount equal to 4% of the
21 taxpayer's net income for the taxable year.

22 (7) In the case of a corporation, for taxable years
23 beginning prior to July 1, 1989 and ending after June 30,
24 1989, an amount equal to the sum of (i) 4% of the
25 taxpayer's net income for the period prior to July 1,
26 1989, as calculated under Section 202.3, and (ii) 4.8% of

1 the taxpayer's net income for the period after June 30,
2 1989, as calculated under Section 202.3.

3 (8) In the case of a corporation, for taxable years
4 beginning after June 30, 1989, and ending prior to January
5 1, 2011, an amount equal to 4.8% of the taxpayer's net
6 income for the taxable year.

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

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

18 (11) In the case of a corporation, for taxable years
19 beginning prior to January 1, 2015, and ending after
20 December 31, 2014, an amount equal to the sum of (i) 7% of
21 the taxpayer's net income for the period prior to January
22 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
23 of the taxpayer's net income for the period after December
24 31, 2014, as calculated under Section 202.5.

25 (12) In the case of a corporation, for taxable years
26 beginning on or after January 1, 2015, and ending prior to

1 July 1, 2017, an amount equal to 5.25% of the taxpayer's
2 net income for the taxable year.

3 (13) In the case of a corporation, for taxable years
4 beginning prior to July 1, 2017, and ending after June 30,
5 2017, an amount equal to the sum of (i) 5.25% of the
6 taxpayer's net income for the period prior to July 1,
7 2017, as calculated under Section 202.5, and (ii) 7% of
8 the taxpayer's net income for the period after June 30,
9 2017, as calculated under Section 202.5.

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

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

15 (b-5) Surcharge; sale or exchange of assets, properties,
16 and intangibles of organization gaming licensees. For each of
17 taxable years 2019 through 2027, a surcharge is imposed on all
18 taxpayers on income arising from the sale or exchange of
19 capital assets, depreciable business property, real property
20 used in the trade or business, and Section 197 intangibles (i)
21 of an organization licensee under the Illinois Horse Racing
22 Act of 1975 and (ii) of an organization gaming licensee under
23 the Illinois Gambling Act. The amount of the surcharge is
24 equal to the amount of federal income tax liability for the
25 taxable year attributable to those sales and exchanges. The
26 surcharge imposed shall not apply if:

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

4 (A) bankruptcy, a receivership, or a debt
5 adjustment initiated by or against the initial
6 licensee or the substantial owners of the initial
7 licensee;

8 (B) cancellation, revocation, or termination of
9 any such license by the Illinois Gaming Board or the
10 Illinois Racing Board;

11 (C) a determination by the Illinois Gaming Board
12 that transfer of the license is in the best interests
13 of Illinois gaming;

14 (D) the death of an owner of the equity interest in
15 a licensee;

16 (E) the acquisition of a controlling interest in
17 the stock or substantially all of the assets of a
18 publicly traded company;

19 (F) a transfer by a parent company to a wholly
20 owned subsidiary; or

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

24 (2) the controlling interest in the organization
25 gaming license, organization license, or racetrack
26 property is transferred in a transaction to lineal

1 descendants in which no gain or loss is recognized or as a
2 result of a transaction in accordance with Section 351 of
3 the Internal Revenue Code in which no gain or loss is
4 recognized; or

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

9 The transfer of an organization gaming license,
10 organization license, or racetrack property by a person other
11 than the initial licensee to receive the organization gaming
12 license is not subject to a surcharge. The Department shall
13 adopt rules necessary to implement and administer this
14 subsection.

15 (c) Personal Property Tax Replacement Income Tax.
16 Beginning on July 1, 1979 and thereafter, in addition to such
17 income tax, there is also hereby imposed the Personal Property
18 Tax Replacement Income Tax measured by net income on every
19 corporation (including Subchapter S corporations), partnership
20 and trust, for each taxable year ending after June 30, 1979.
21 Such taxes are imposed on the privilege of earning or
22 receiving income in or as a resident of this State. The
23 Personal Property Tax Replacement Income Tax shall be in
24 addition to the income tax imposed by subsections (a) and (b)
25 of this Section and in addition to all other occupation or
26 privilege taxes imposed by this State or by any municipal

1 corporation or political subdivision thereof.

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

14 (d-1) Rate reduction for certain foreign insurers. In the
15 case of a foreign insurer, as defined by Section 35A-5 of the
16 Illinois Insurance Code, whose state or country of domicile
17 imposes on insurers domiciled in Illinois a retaliatory tax
18 (excluding any insurer whose premiums from reinsurance assumed
19 are 50% or more of its total insurance premiums as determined
20 under paragraph (2) of subsection (b) of Section 304, except
21 that for purposes of this determination premiums from
22 reinsurance do not include premiums from inter-affiliate
23 reinsurance arrangements), beginning with taxable years ending
24 on or after December 31, 1999, the sum of the rates of tax
25 imposed by subsections (b) and (d) shall be reduced (but not
26 increased) to the rate at which the total amount of tax imposed

1 under this Act, net of all credits allowed under this Act,
2 shall equal (i) the total amount of tax that would be imposed
3 on the foreign insurer's net income allocable to Illinois for
4 the taxable year by such foreign insurer's state or country of
5 domicile if that net income were subject to all income taxes
6 and taxes measured by net income imposed by such foreign
7 insurer's state or country of domicile, net of all credits
8 allowed or (ii) a rate of zero if no such tax is imposed on
9 such income by the foreign insurer's state of domicile. For
10 the purposes of this subsection (d-1), an inter-affiliate
11 includes a mutual insurer under common management.

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

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

18 (B) the privilege tax imposed by Section 409 of
19 the Illinois Insurance Code, the fire insurance
20 company tax imposed by Section 12 of the Fire
21 Investigation Act, and the fire department taxes
22 imposed under Section 11-10-1 of the Illinois
23 Municipal Code,

24 equals 1.25% for taxable years ending prior to December
25 31, 2003, or 1.75% for taxable years ending on or after
26 December 31, 2003, of the net taxable premiums written for

1 the taxable year, as described by subsection (1) of
2 Section 409 of the Illinois Insurance Code. This paragraph
3 will in no event increase the rates imposed under
4 subsections (b) and (d).

5 (2) Any reduction in the rates of tax imposed by this
6 subsection shall be applied first against the rates
7 imposed by subsection (b) and only after the tax imposed
8 by subsection (a) net of all credits allowed under this
9 Section other than the credit allowed under subsection (i)
10 has been reduced to zero, against the rates imposed by
11 subsection (d).

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

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

17 (1) A taxpayer shall be allowed a credit equal to .5%
18 of the basis of qualified property placed in service
19 during the taxable year, provided such property is placed
20 in service on or after July 1, 1984. There shall be allowed
21 an additional credit equal to .5% of the basis of
22 qualified property placed in service during the taxable
23 year, provided such property is placed in service on or
24 after July 1, 1986, and the taxpayer's base employment
25 within Illinois has increased by 1% or more over the
26 preceding year as determined by the taxpayer's employment

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

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

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

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

1 signs that are real property, but not including land
2 or improvements to real property that are not a
3 structural component of a building such as
4 landscaping, sewer lines, local access roads, fencing,
5 parking lots, and other appurtenances;

6 (B) is depreciable pursuant to Section 167 of the
7 Internal Revenue Code, except that "3-year property"
8 as defined in Section 168(c)(2)(A) of that Code is not
9 eligible for the credit provided by this subsection
10 (e);

11 (C) is acquired by purchase as defined in Section
12 179(d) of the Internal Revenue Code;

13 (D) is used in Illinois by a taxpayer who is
14 primarily engaged in manufacturing, or in mining coal
15 or fluorite, or in retailing, or was placed in service
16 on or after July 1, 2006 in a River Edge Redevelopment
17 Zone established pursuant to the River Edge
18 Redevelopment Zone Act; and

19 (E) has not previously been used in Illinois in
20 such a manner and by such a person as would qualify for
21 the credit provided by this subsection (e) or
22 subsection (f).

23 (3) For purposes of this subsection (e),
24 "manufacturing" means the material staging and production
25 of tangible personal property by procedures commonly
26 regarded as manufacturing, processing, fabrication, or

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

16 (4) The basis of qualified property shall be the basis
17 used to compute the depreciation deduction for federal
18 income tax purposes.

19 (5) If the basis of the property for federal income
20 tax depreciation purposes is increased after it has been
21 placed in service in Illinois by the taxpayer, the amount
22 of such increase shall be deemed property placed in
23 service on the date of such increase in basis.

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

26 (7) If during any taxable year, any property ceases to

1 be qualified property in the hands of the taxpayer within
2 48 months after being placed in service, or the situs of
3 any qualified property is moved outside Illinois within 48
4 months after being placed in service, the Personal
5 Property Tax Replacement Income Tax for such taxable year
6 shall be increased. Such increase shall be determined by
7 (i) recomputing the investment credit which would have
8 been allowed for the year in which credit for such
9 property was originally allowed by eliminating such
10 property from such computation and, (ii) subtracting such
11 recomputed credit from the amount of credit previously
12 allowed. For the purposes of this paragraph (7), a
13 reduction of the basis of qualified property resulting
14 from a redetermination of the purchase price shall be
15 deemed a disposition of qualified property to the extent
16 of such reduction.

17 (8) Unless the investment credit is extended by law,
18 the basis of qualified property shall not include costs
19 incurred after December 31, 2018, except for costs
20 incurred pursuant to a binding contract entered into on or
21 before December 31, 2018.

22 (9) Each taxable year ending before December 31, 2000,
23 a partnership may elect to pass through to its partners
24 the credits to which the partnership is entitled under
25 this subsection (e) for the taxable year. A partner may
26 use the credit allocated to him or her under this

1 paragraph only against the tax imposed in subsections (c)
2 and (d) of this Section. If the partnership makes that
3 election, those credits shall be allocated among the
4 partners in the partnership in accordance with the rules
5 set forth in Section 704(b) of the Internal Revenue Code,
6 and the rules promulgated under that Section, and the
7 allocated amount of the credits shall be allowed to the
8 partners for that taxable year. The partnership shall make
9 this election on its Personal Property Tax Replacement
10 Income Tax return for that taxable year. The election to
11 pass through the credits shall be irrevocable.

12 For taxable years ending on or after December 31,
13 2000, a partner that qualifies its partnership for a
14 subtraction under subparagraph (I) of paragraph (2) of
15 subsection (d) of Section 203 or a shareholder that
16 qualifies a Subchapter S corporation for a subtraction
17 under subparagraph (S) of paragraph (2) of subsection (b)
18 of Section 203 shall be allowed a credit under this
19 subsection (e) equal to its share of the credit earned
20 under this subsection (e) during the taxable year by the
21 partnership or Subchapter S corporation, determined in
22 accordance with the determination of income and
23 distributive share of income under Sections 702 and 704
24 and Subchapter S of the Internal Revenue Code. This
25 paragraph is exempt from the provisions of Section 250.

26 (f) Investment credit; Enterprise Zone; River Edge

1 Redevelopment Zone.

2 (1) A taxpayer shall be allowed a credit against the
3 tax imposed by subsections (a) and (b) of this Section for
4 investment in qualified property which is placed in
5 service in an Enterprise Zone created pursuant to the
6 Illinois Enterprise Zone Act or, for property placed in
7 service on or after July 1, 2006, a River Edge
8 Redevelopment Zone established pursuant to the River Edge
9 Redevelopment Zone Act. For partners, shareholders of
10 Subchapter S corporations, and owners of limited liability
11 companies, if the liability company is treated as a
12 partnership for purposes of federal and State income
13 taxation, for taxable years ending before December 31,
14 2023, there shall be allowed a credit under this
15 subsection (f) to be determined in accordance with the
16 determination of income and distributive share of income
17 under Sections 702 and 704 and Subchapter S of the
18 Internal Revenue Code. For taxable years ending on or
19 after December 31, 2023, for partners and shareholders of
20 Subchapter S corporations, the provisions of Section 251
21 shall apply with respect to the credit under this
22 subsection. The credit shall be .5% of the basis for such
23 property. The credit shall be available only in the
24 taxable year in which the property is placed in service in
25 the Enterprise Zone or River Edge Redevelopment Zone and
26 shall not be allowed to the extent that it would reduce a

1 taxpayer's liability for the tax imposed by subsections
2 (a) and (b) of this Section to below zero. For tax years
3 ending on or after December 31, 1985, the credit shall be
4 allowed for the tax year in which the property is placed in
5 service, or, if the amount of the credit exceeds the tax
6 liability for that year, whether it exceeds the original
7 liability or the liability as later amended, such excess
8 may be carried forward and applied to the tax liability of
9 the 5 taxable years following the excess credit year. The
10 credit shall be applied to the earliest year for which
11 there is a liability. If there is credit from more than one
12 tax year that is available to offset a liability, the
13 credit accruing first in time shall be applied first.

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

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

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

22 (C) is acquired by purchase as defined in Section
23 179(d) of the Internal Revenue Code;

24 (D) is used in the Enterprise Zone or River Edge
25 Redevelopment Zone by the taxpayer; and

26 (E) has not been previously used in Illinois in

1 such a manner and by such a person as would qualify for
2 the credit provided by this subsection (f) or
3 subsection (e).

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

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

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

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

1 recomputed credit from the amount of credit previously
2 allowed. For the purposes of this paragraph (6), a
3 reduction of the basis of qualified property resulting
4 from a redetermination of the purchase price shall be
5 deemed a disposition of qualified property to the extent
6 of such reduction.

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

25 (8) For taxable years beginning on or after January 1,
26 2021, there shall be allowed an Enterprise Zone

1 construction jobs credit against the taxes imposed under
2 subsections (a) and (b) of this Section as provided in
3 Section 13 of the Illinois Enterprise Zone Act.

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

15 For partners, shareholders of Subchapter S
16 corporations, and owners of limited liability companies,
17 if the liability company is treated as a partnership for
18 the purposes of federal and State income taxation, for
19 taxable years ending before December 31, 2023, there shall
20 be allowed a credit under this Section to be determined in
21 accordance with the determination of income and
22 distributive share of income under Sections 702 and 704
23 and Subchapter S of the Internal Revenue Code. For taxable
24 years ending on or after December 31, 2023, for partners
25 and shareholders of Subchapter S corporations, the
26 provisions of Section 251 shall apply with respect to the

1 credit under this subsection.

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

5 This paragraph (8) is exempt from the provisions of
6 Section 250.

7 (g) (Blank).

8 (h) Investment credit; High Impact Business.

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

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

23 Changes made in this subdivision (h) (1) by Public Act
24 88-670 restore changes made by Public Act 85-1182 and
25 reflect existing law.

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

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

3 (B) is depreciable pursuant to Section 167 of the
4 Internal Revenue Code, except that "3-year property"
5 as defined in Section 168(c)(2)(A) of that Code is not
6 eligible for the credit provided by this subsection
7 (h);

8 (C) is acquired by purchase as defined in Section
9 179(d) of the Internal Revenue Code; and

10 (D) is not eligible for the Enterprise Zone
11 Investment Credit provided by subsection (f) of this
12 Section.

13 (3) The basis of qualified property shall be the basis
14 used to compute the depreciation deduction for federal
15 income tax purposes.

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

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

24 (6) If during any taxable year ending on or before
25 December 31, 1996, any property ceases to be qualified
26 property in the hands of the taxpayer within 48 months

1 after being placed in service, or the situs of any
2 qualified property is moved outside Illinois within 48
3 months after being placed in service, the tax imposed
4 under subsections (a) and (b) of this Section for such
5 taxable year shall be increased. Such increase shall be
6 determined by (i) recomputing the investment credit which
7 would have been allowed for the year in which credit for
8 such property was originally allowed by eliminating such
9 property from such computation, and (ii) subtracting such
10 recomputed credit from the amount of credit previously
11 allowed. For the purposes of this paragraph (6), a
12 reduction of the basis of qualified property resulting
13 from a redetermination of the purchase price shall be
14 deemed a disposition of qualified property to the extent
15 of such reduction.

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

26 (h-5) High Impact Business construction jobs credit. For

1 taxable years beginning on or after January 1, 2021, there
2 shall also be allowed a High Impact Business construction jobs
3 credit against the tax imposed under subsections (a) and (b)
4 of this Section as provided in subsections (i) and (j) of
5 Section 5.5 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 be
9 carried forward and applied against the taxpayer's liability
10 in succeeding calendar years in the manner provided under
11 paragraph (4) of Section 211 of this Act. The credit or credits
12 shall be applied to the earliest year for which there is a tax
13 liability. If there are credits from more than one taxable
14 year that are available to offset a liability, the earlier
15 credit shall be applied first.

16 For partners, shareholders of Subchapter S corporations,
17 and owners of limited liability companies, for taxable years
18 ending before December 31, 2023, if the liability company is
19 treated as a partnership for the purposes of federal and State
20 income taxation, there shall be allowed a credit under this
21 Section to be determined in accordance with the determination
22 of income and distributive share of income under Sections 702
23 and 704 and Subchapter S of the Internal Revenue Code. For
24 taxable years ending on or after December 31, 2023, for
25 partners and shareholders of Subchapter S corporations, the
26 provisions of Section 251 shall apply with respect to the

1 credit under this subsection.

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

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

7 (i) Credit for Personal Property Tax Replacement Income
8 Tax. For tax years ending prior to December 31, 2003, a credit
9 shall be allowed against the tax imposed by subsections (a)
10 and (b) of this Section for the tax imposed by subsections (c)
11 and (d) of this Section. This credit shall be computed by
12 multiplying the tax imposed by subsections (c) and (d) of this
13 Section by a fraction, the numerator of which is base income
14 allocable to Illinois and the denominator of which is Illinois
15 base income, and further multiplying the product by the tax
16 rate imposed by subsections (a) and (b) of this Section.

17 Any credit earned on or after December 31, 1986 under this
18 subsection which is unused in the year the credit is computed
19 because it exceeds the tax liability imposed by subsections
20 (a) and (b) for that year (whether it exceeds the original
21 liability or the liability as later amended) may be carried
22 forward and applied to the tax liability imposed by
23 subsections (a) and (b) of the 5 taxable years following the
24 excess credit year, provided that no credit may be carried
25 forward to any year ending on or after December 31, 2003. This
26 credit shall be applied first to the earliest year for which

1 there is a liability. If there is a credit under this
2 subsection from more than one tax year that is available to
3 offset a liability the earliest credit arising under this
4 subsection shall be applied first.

5 If, during any taxable year ending on or after December
6 31, 1986, the tax imposed by subsections (c) and (d) of this
7 Section for which a taxpayer has claimed a credit under this
8 subsection (i) is reduced, the amount of credit for such tax
9 shall also be reduced. Such reduction shall be determined by
10 recomputing the credit to take into account the reduced tax
11 imposed by subsections (c) and (d). If any portion of the
12 reduced amount of credit has been carried to a different
13 taxable year, an amended return shall be filed for such
14 taxable year to reduce the amount of credit claimed.

15 (j) Training expense credit. Beginning with tax years
16 ending on or after December 31, 1986 and prior to December 31,
17 2003, a taxpayer shall be allowed a credit against the tax
18 imposed by subsections (a) and (b) under this Section for all
19 amounts paid or accrued, on behalf of all persons employed by
20 the taxpayer in Illinois or Illinois residents employed
21 outside of Illinois by a taxpayer, for educational or
22 vocational training in semi-technical or technical fields or
23 semi-skilled or skilled fields, which were deducted from gross
24 income in the computation of taxable income. The credit
25 against the tax imposed by subsections (a) and (b) shall be
26 1.6% of such training expenses. For partners, shareholders of

1 subchapter S corporations, and owners of limited liability
2 companies, if the liability company is treated as a
3 partnership for purposes of federal and State income taxation,
4 for taxable years ending before December 31, 2023, there shall
5 be allowed a credit under this subsection (j) to be determined
6 in accordance with the determination of income and
7 distributive share of income under Sections 702 and 704 and
8 subchapter S of the Internal Revenue Code. For taxable years
9 ending on or after December 31, 2023, for partners and
10 shareholders of Subchapter S corporations, the provisions of
11 Section 251 shall apply with respect to the credit under this
12 subsection.

13 Any credit allowed under this subsection which is unused
14 in the year the credit is earned may be carried forward to each
15 of the 5 taxable years following the year for which the credit
16 is first computed until it is used. This credit shall be
17 applied first to the earliest year for which there is a
18 liability. If there is a credit under this subsection from
19 more than one tax year that is available to offset a liability,
20 the earliest credit arising under this subsection shall be
21 applied first. No carryforward credit may be claimed in any
22 tax year ending on or after December 31, 2003.

23 (k) Research and development credit. For tax years ending
24 after July 1, 1990 and prior to December 31, 2003, and
25 beginning again for tax years ending on or after December 31,
26 2004, and ending prior to January 1, 2027, a taxpayer shall be

1 allowed a credit against the tax imposed by subsections (a)
2 and (b) of this Section for increasing research activities in
3 this State. The credit allowed against the tax imposed by
4 subsections (a) and (b) shall be equal to 6 1/2% of the
5 qualifying expenditures for increasing research activities in
6 this State. For partners, shareholders of subchapter S
7 corporations, and owners of limited liability companies, if
8 the liability company is treated as a partnership for purposes
9 of federal and State income taxation, for taxable years ending
10 before December 31, 2023, there shall be allowed a credit
11 under this subsection to be determined in accordance with the
12 determination of income and distributive share of income under
13 Sections 702 and 704 and subchapter S of the Internal Revenue
14 Code. For taxable years ending on or after December 31, 2023,
15 for partners and shareholders of Subchapter S corporations,
16 the provisions of Section 251 shall apply with respect to the
17 credit under this subsection.

18 For purposes of this subsection, "qualifying expenditures"
19 means the qualifying expenditures as defined for the federal
20 credit for increasing research activities which would be
21 allowable under Section 41 of the Internal Revenue Code and
22 which are conducted in this State, "qualifying expenditures
23 for increasing research activities in this State" means the
24 excess of qualifying expenditures for the taxable year in
25 which incurred over qualifying expenditures for the base
26 period, "qualifying expenditures for the base period" means

1 the average of the qualifying expenditures for each year in
2 the base period, and "base period" means the 3 taxable years
3 immediately preceding the taxable year for which the
4 determination is being made.

5 Any credit in excess of the tax liability for the taxable
6 year may be carried forward. A taxpayer may elect to have the
7 unused credit shown on its final completed return carried over
8 as a credit against the tax liability for the following 5
9 taxable years or until it has been fully used, whichever
10 occurs first; provided that no credit earned in a tax year
11 ending prior to December 31, 2003 may be carried forward to any
12 year ending on or after December 31, 2003.

13 If an unused credit is carried forward to a given year from
14 2 or more earlier years, that credit arising in the earliest
15 year will be applied first against the tax liability for the
16 given year. If a tax liability for the given year still
17 remains, the credit from the next earliest year will then be
18 applied, and so on, until all credits have been used or no tax
19 liability for the given year remains. Any remaining unused
20 credit or credits then will be carried forward to the next
21 following year in which a tax liability is incurred, except
22 that no credit can be carried forward to a year which is more
23 than 5 years after the year in which the expense for which the
24 credit is given was incurred.

25 No inference shall be drawn from Public Act 91-644 in
26 construing this Section for taxable years beginning before

1 January 1, 1999.

2 It is the intent of the General Assembly that the research
3 and development credit under this subsection (k) shall apply
4 continuously for all tax years ending on or after December 31,
5 2004 and ending prior to January 1, 2027, including, but not
6 limited to, the period beginning on January 1, 2016 and ending
7 on July 6, 2017 (the effective date of Public Act 100-22). All
8 actions taken in reliance on the continuation of the credit
9 under this subsection (k) by any taxpayer are hereby
10 validated.

11 (l) Environmental Remediation Tax Credit.

12 (i) For tax years ending after December 31, 1997 and
13 on or before December 31, 2001, a taxpayer shall be
14 allowed a credit against the tax imposed by subsections
15 (a) and (b) of this Section for certain amounts paid for
16 unreimbursed eligible remediation costs, as specified in
17 this subsection. For purposes of this Section,
18 "unreimbursed eligible remediation costs" means costs
19 approved by the Illinois Environmental Protection Agency
20 ("Agency") under Section 58.14 of the Environmental
21 Protection Act that were paid in performing environmental
22 remediation at a site 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. After the Pollution
7 Control Board rules are adopted pursuant to the Illinois
8 Administrative Procedure Act for the administration and
9 enforcement of Section 58.9 of the Environmental
10 Protection Act, determinations as to credit availability
11 for purposes of this Section shall be made consistent with
12 those rules. For purposes of this Section, "taxpayer"
13 includes a person whose tax attributes the taxpayer has
14 succeeded to under Section 381 of the Internal Revenue
15 Code and "related party" includes the persons disallowed a
16 deduction for losses by paragraphs (b), (c), and (f)(1) of
17 Section 267 of the Internal Revenue Code by virtue of
18 being a related taxpayer, as well as any of its partners.
19 The credit allowed against the tax imposed by subsections
20 (a) and (b) shall be equal to 25% of the unreimbursed
21 eligible remediation costs in excess of \$100,000 per site,
22 except that the \$100,000 threshold shall not apply to any
23 site contained in an enterprise zone as determined by the
24 Department of Commerce and Community Affairs (now
25 Department of Commerce and Economic Opportunity). The
26 total credit allowed shall not exceed \$40,000 per year

1 with a maximum total of \$150,000 per site. For partners
2 and shareholders of subchapter S corporations, there shall
3 be allowed a credit under this subsection to be determined
4 in accordance with the determination of income and
5 distributive share of income under Sections 702 and 704
6 and subchapter S of the Internal Revenue Code.

7 (ii) A credit allowed under this subsection that is
8 unused in the year the credit is earned may be carried
9 forward to each of the 5 taxable years following the year
10 for which the credit is first earned until it is used. The
11 term "unused credit" does not include any amounts of
12 unreimbursed eligible remediation costs in excess of the
13 maximum credit per site authorized under paragraph (i).
14 This credit shall be applied first to the earliest year
15 for which there is a liability. If there is a credit under
16 this subsection from more than one tax year that is
17 available to offset a liability, the earliest credit
18 arising under this subsection shall be applied first. A
19 credit allowed under this subsection may be sold to a
20 buyer as part of a sale of all or part of the remediation
21 site for which the credit was granted. The purchaser of a
22 remediation site and the tax credit shall succeed to the
23 unused credit and remaining carry-forward period of the
24 seller. To perfect the transfer, the assignor shall record
25 the transfer in the chain of title for the site and provide
26 written notice to the Director of the Illinois Department

1 of Revenue of the assignor's intent to sell the
2 remediation site and the amount of the tax credit to be
3 transferred as a portion of the sale. In no event may a
4 credit be transferred to any taxpayer if the taxpayer or a
5 related party would not be eligible under the provisions
6 of subsection (i).

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

10 (m) Education expense credit. Beginning with tax years
11 ending after December 31, 1999, a taxpayer who is the
12 custodian of one or more qualifying pupils shall be allowed a
13 credit against the tax imposed by subsections (a) and (b) of
14 this Section for qualified education expenses incurred on
15 behalf of the qualifying pupils. The credit shall be equal to
16 25% of qualified education expenses, but in no event may the
17 total credit under this subsection claimed by a family that is
18 the custodian of qualifying pupils exceed (i) \$500 for tax
19 years ending prior to December 31, 2017, and (ii) \$750 for tax
20 years ending on or after December 31, 2017. In no event shall a
21 credit under this subsection reduce the taxpayer's liability
22 under this Act to less than zero. Notwithstanding any other
23 provision of law, for taxable years beginning on or after
24 January 1, 2017, no taxpayer may claim a credit under this
25 subsection (m) if the taxpayer's adjusted gross income for the
26 taxable year exceeds (i) \$500,000, in the case of spouses

1 filing a joint federal tax return or (ii) \$250,000, in the case
2 of all other taxpayers. This subsection is exempt from the
3 provisions of Section 250 of this Act.

4 For purposes of this subsection:

5 "Qualifying pupils" means individuals who (i) are
6 residents of the State of Illinois, (ii) are under the age of
7 21 at the close of the school year for which a credit is
8 sought, and (iii) during the school year for which a credit is
9 sought were full-time pupils enrolled in a kindergarten
10 through twelfth grade education program at any school, as
11 defined in this subsection.

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

16 "School" means any public or nonpublic elementary or
17 secondary school in Illinois that is in compliance with Title
18 VI of the Civil Rights Act of 1964 and attendance at which
19 satisfies the requirements of Section 26-1 of the School Code,
20 except that nothing shall be construed to require a child to
21 attend any particular public or nonpublic school to qualify
22 for the credit under this Section.

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

26 (n) River Edge Redevelopment Zone site remediation tax

1 credit.

2 (i) For tax years ending on or after December 31,
3 2006, a taxpayer shall be allowed a credit against the tax
4 imposed by subsections (a) and (b) of this Section for
5 certain amounts paid for unreimbursed eligible remediation
6 costs, as specified in this subsection. For purposes of
7 this Section, "unreimbursed eligible remediation costs"
8 means costs approved by the Illinois Environmental
9 Protection Agency ("Agency") under Section 58.14a of the
10 Environmental Protection Act that were paid in performing
11 environmental remediation at a site within a River Edge
12 Redevelopment Zone for which a No Further Remediation
13 Letter was issued by the Agency and recorded under Section
14 58.10 of the Environmental Protection Act. The credit must
15 be claimed for the taxable year in which Agency approval
16 of the eligible remediation costs is granted. The credit
17 is not available to any taxpayer if the taxpayer or any
18 related party caused or contributed to, in any material
19 respect, a release of regulated substances on, in, or
20 under the site that was identified and addressed by the
21 remedial action pursuant to the Site Remediation Program
22 of the Environmental Protection Act. Determinations as to
23 credit availability for purposes of this Section shall be
24 made consistent with rules adopted by the Pollution
25 Control Board pursuant to the Illinois Administrative
26 Procedure Act for the administration and enforcement of

1 Section 58.9 of the Environmental Protection Act. For
2 purposes of this Section, "taxpayer" includes a person
3 whose tax attributes the taxpayer has succeeded to under
4 Section 381 of the Internal Revenue Code and "related
5 party" includes the persons disallowed a deduction for
6 losses by paragraphs (b), (c), and (f)(1) of Section 267
7 of the Internal Revenue Code by virtue of being a related
8 taxpayer, as well as any of its partners. The credit
9 allowed against the tax imposed by subsections (a) and (b)
10 shall be equal to 25% of the unreimbursed eligible
11 remediation costs in excess of \$100,000 per site.

12 (ii) A credit allowed under this subsection that is
13 unused in the year the credit is earned may be carried
14 forward to each of the 5 taxable years following the year
15 for which the credit is first earned until it is used. This
16 credit shall be applied first to the earliest year for
17 which there is a liability. If there is a credit under this
18 subsection from more than one tax year that is available
19 to offset a liability, the earliest credit arising under
20 this subsection shall be applied first. A credit allowed
21 under this subsection may be sold to a buyer as part of a
22 sale of all or part of the remediation site for which the
23 credit was granted. The purchaser of a remediation site
24 and the tax credit shall succeed to the unused credit and
25 remaining carry-forward period of the seller. To perfect
26 the transfer, the assignor shall record the transfer in

1 the chain of title for the site and provide written notice
2 to the Director of the Illinois Department of Revenue of
3 the assignor's intent to sell the remediation site and the
4 amount of the tax credit to be transferred as a portion of
5 the sale. In no event may a credit be transferred to any
6 taxpayer if the taxpayer or a related party would not be
7 eligible under the provisions of subsection (i).

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

11 (o) For each of taxable years during the Compassionate Use
12 of Medical Cannabis Program, a surcharge is imposed on all
13 taxpayers on income arising from the sale or exchange of
14 capital assets, depreciable business property, real property
15 used in the trade or business, and Section 197 intangibles of
16 an organization registrant under the Compassionate Use of
17 Medical Cannabis Program Act. The amount of the surcharge is
18 equal to the amount of federal income tax liability for the
19 taxable year attributable to those sales and exchanges. The
20 surcharge imposed does not apply if:

21 (1) the medical cannabis cultivation center
22 registration, medical cannabis dispensary registration, or
23 the property of a registration is transferred as a result
24 of any of the following:

25 (A) bankruptcy, a receivership, or a debt
26 adjustment initiated by or against the initial

1 registration or the substantial owners of the initial
2 registration;

3 (B) cancellation, revocation, or termination of
4 any registration by the Illinois Department of Public
5 Health;

6 (C) a determination by the Illinois Department of
7 Public Health that transfer of the registration is in
8 the best interests of Illinois qualifying patients as
9 defined by the Compassionate Use of Medical Cannabis
10 Program Act;

11 (D) the death of an owner of the equity interest in
12 a registrant;

13 (E) the acquisition of a controlling interest in
14 the stock or substantially all of the assets of a
15 publicly traded company;

16 (F) a transfer by a parent company to a wholly
17 owned subsidiary; or

18 (G) the transfer or sale to or by one person to
19 another person where both persons were initial owners
20 of the registration when the registration was issued;
21 or

22 (2) the cannabis cultivation center registration,
23 medical cannabis dispensary registration, or the
24 controlling interest in a registrant's property is
25 transferred in a transaction to lineal descendants in
26 which no gain or loss is recognized or as a result of a

1 transaction in accordance with Section 351 of the Internal
2 Revenue Code in which no gain or loss is recognized.

3 (p) Pass-through entity tax.

4 (1) For taxable years ending on or after December 31,
5 2021 and beginning prior to January 1, 2026, a partnership
6 (other than a publicly traded partnership under Section
7 7704 of the Internal Revenue Code) or Subchapter S
8 corporation may elect to apply the provisions of this
9 subsection. A separate election shall be made for each
10 taxable year. Such election shall be made at such time,
11 and in such form and manner as prescribed by the
12 Department, and, once made, is irrevocable.

13 (2) Entity-level tax. A partnership or Subchapter S
14 corporation electing to apply the provisions of this
15 subsection shall be subject to a tax for the privilege of
16 earning or receiving income in this State in an amount
17 equal to 4.95% of the taxpayer's net income for the
18 taxable year.

19 (3) Net income defined.

20 (A) In general. For purposes of paragraph (2), the
21 term net income has the same meaning as defined in
22 Section 202 of this Act, except that the following
23 provisions shall not apply:

24 (i) the standard exemption allowed under
25 Section 204;

26 (ii) the deduction for net losses allowed

1 under Section 207;

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

4 (iv) in the case of a partnership, the
5 modifications under Section 203(d)(2)(H) and
6 Section 203(d)(2)(I).

7 (B) Special rule for tiered partnerships. If a
8 taxpayer making the election under paragraph (1) is a
9 partner of another taxpayer making the election under
10 paragraph (1), net income shall be computed as
11 provided in subparagraph (A), except that the taxpayer
12 shall subtract its distributive share of the net
13 income of the electing partnership (including its
14 distributive share of the net income of the electing
15 partnership derived as a distributive share from
16 electing partnerships in which it is a partner).

17 (4) Credit for entity level tax. Each partner or
18 shareholder of a taxpayer making the election under this
19 Section shall be allowed a credit against the tax imposed
20 under subsections (a) and (b) of Section 201 of this Act
21 for the taxable year of the partnership or Subchapter S
22 corporation for which an election is in effect ending
23 within or with the taxable year of the partner or
24 shareholder in an amount equal to 4.95% times the partner
25 or shareholder's distributive share of the net income of
26 the electing partnership or Subchapter S corporation, but

1 not to exceed the partner's or shareholder's share of the
2 tax imposed under paragraph (1) which is actually paid by
3 the partnership or Subchapter S corporation. If the
4 taxpayer is a partnership or Subchapter S corporation that
5 is itself a partner of a partnership making the election
6 under paragraph (1), the credit under this paragraph shall
7 be allowed to the taxpayer's partners or shareholders (or
8 if the partner is a partnership or Subchapter S
9 corporation then its partners or shareholders) in
10 accordance with the determination of income and
11 distributive share of income under Sections 702 and 704
12 and Subchapter S of the Internal Revenue Code. If the
13 amount of the credit allowed under this paragraph exceeds
14 the partner's or shareholder's liability for tax imposed
15 under subsections (a) and (b) of Section 201 of this Act
16 for the taxable year, such excess shall be treated as an
17 overpayment for purposes of Section 909 of this Act.

18 (5) Nonresidents. A nonresident individual who is a
19 partner or shareholder of a partnership or Subchapter S
20 corporation for a taxable year for which an election is in
21 effect under paragraph (1) shall not be required to file
22 an income tax return under this Act for such taxable year
23 if the only source of net income of the individual (or the
24 individual and the individual's spouse in the case of a
25 joint return) is from an entity making the election under
26 paragraph (1) and the credit allowed to the partner or

1 shareholder under paragraph (4) equals or exceeds the
2 individual's liability for the tax imposed under
3 subsections (a) and (b) of Section 201 of this Act for the
4 taxable year.

5 (6) Liability for tax. Except as provided in this
6 paragraph, a partnership or Subchapter S making the
7 election under paragraph (1) is liable for the
8 entity-level tax imposed under paragraph (2). If the
9 electing partnership or corporation fails to pay the full
10 amount of tax deemed assessed under paragraph (2), the
11 partners or shareholders shall be liable to pay the tax
12 assessed (including penalties and interest). Each partner
13 or shareholder shall be liable for the unpaid assessment
14 based on the ratio of the partner's or shareholder's share
15 of the net income of the partnership over the total net
16 income of the partnership. If the partnership or
17 Subchapter S corporation fails to pay the tax assessed
18 (including penalties and interest) and thereafter an
19 amount of such tax is paid by the partners or
20 shareholders, such amount shall not be collected from the
21 partnership or corporation.

22 (7) Foreign tax. For purposes of the credit allowed
23 under Section 601(b)(3) of this Act, tax paid by a
24 partnership or Subchapter S corporation to another state
25 which, as determined by the Department, is substantially
26 similar to the tax imposed under this subsection, shall be

1 considered tax paid by the partner or shareholder to the
2 extent that the partner's or shareholder's share of the
3 income of the partnership or Subchapter S corporation
4 allocated and apportioned to such other state bears to the
5 total income of the partnership or Subchapter S
6 corporation allocated or apportioned to such other state.

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

11 (9) Requirement to pay estimated tax. For each taxable
12 year for which an election under paragraph (1) is in
13 effect, a partnership or Subchapter S corporation is
14 required to pay estimated tax for such taxable year under
15 Sections 803 and 804 of this Act if the amount payable as
16 estimated tax can reasonably be expected to exceed \$500.

17 (10) The provisions of this subsection shall apply
18 only with respect to taxable years for which the
19 limitation on individual deductions applies under Section
20 164(b)(6) of the Internal Revenue Code.

21 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;
22 101-207, eff. 8-2-19; 101-363, eff. 8-9-19; 102-558, eff.
23 8-20-21; 102-658, eff. 8-27-21.)

24 (35 ILCS 5/214)

25 Sec. 214. Tax credit for affordable housing donations.

1 (a) Beginning with taxable years ending on or after
2 December 31, 2001 and until the taxable year ending on
3 December 31, 2026, a taxpayer who makes a donation under
4 Section 7.28 of the Illinois Housing Development Act is
5 entitled to a credit against the tax imposed by subsections
6 (a) and (b) of Section 201 in an amount equal to 50% of the
7 value of the donation. For taxable years ending before
8 December 31, 2023, partners ~~Partners~~, shareholders of
9 subchapter S corporations, and owners of limited liability
10 companies (if the limited liability company is treated as a
11 partnership for purposes of federal and State income taxation)
12 are entitled to a credit under this Section to be determined in
13 accordance with the determination of income and distributive
14 share of income under Sections 702 and 703 and subchapter S of
15 the Internal Revenue Code. For taxable years ending on or
16 after December 31, 2023, partners and shareholders of
17 subchapter S corporations are entitled to a credit under this
18 Section as provided in Section 251. Persons or entities not
19 subject to the tax imposed by subsections (a) and (b) of
20 Section 201 and who make a donation under Section 7.28 of the
21 Illinois Housing Development Act are entitled to a credit as
22 described in this subsection and may transfer that credit as
23 described in subsection (c).

24 (b) If the amount of the credit exceeds the tax liability
25 for the year, the excess may be carried forward and applied to
26 the tax liability of the 5 taxable years following the excess

1 credit year. The tax credit shall be applied to the earliest
2 year for which there is a tax liability. If there are credits
3 for more than one year that are available to offset a
4 liability, the earlier credit shall be applied first.

5 (c) The transfer of the tax credit allowed under this
6 Section may be made (i) to the purchaser of land that has been
7 designated solely for affordable housing projects in
8 accordance with the Illinois Housing Development Act or (ii)
9 to another donor who has also made a donation in accordance
10 with Section 7.28 of the Illinois Housing Development Act.

11 (d) A taxpayer claiming the credit provided by this
12 Section must maintain and record any information that the
13 Department may require by regulation regarding the project for
14 which the credit is claimed. When claiming the credit provided
15 by this Section, the taxpayer must provide information
16 regarding the taxpayer's donation to the project under the
17 Illinois Housing Development Act.

18 (Source: P.A. 102-16, eff. 6-17-21; 102-175, eff. 7-29-21.)

19 (35 ILCS 5/216)

20 Sec. 216. Credit for wages paid to ex-felons.

21 (a) For each taxable year beginning on or after January 1,
22 2007, each taxpayer is entitled to a credit against the tax
23 imposed by subsections (a) and (b) of Section 201 of this Act
24 in an amount equal to 5% of qualified wages paid by the
25 taxpayer during the taxable year to one or more Illinois

1 residents who are qualified ex-offenders. The total credit
2 allowed to a taxpayer with respect to each qualified
3 ex-offender may not exceed \$1,500 for all taxable years. For
4 taxable years ending before December 31, 2023, for ~~For~~
5 partners, shareholders of Subchapter S corporations, and
6 owners of limited liability companies, if the liability
7 company is treated as a partnership for purposes of federal
8 and State income taxation, there shall be allowed a credit
9 under this Section to be determined in accordance with the
10 determination of income and distributive share of income under
11 Sections 702 and 704 and Subchapter S of the Internal Revenue
12 Code. For taxable years ending on or after December 31, 2023,
13 partners and shareholders of subchapter S corporations are
14 entitled to a credit under this Section as provided in Section
15 251.

16 (b) For purposes of this Section, "qualified wages":

17 (1) includes only wages that are subject to federal
18 unemployment tax under Section 3306 of the Internal
19 Revenue Code, without regard to any dollar limitation
20 contained in that Section;

21 (2) does not include any amounts paid or incurred by
22 an employer for any period to any qualified ex-offender
23 for whom the employer receives federally funded payments
24 for on-the-job training of that qualified ex-offender for
25 that period; and

26 (3) includes only wages attributable to service

1 rendered during the one-year period beginning with the day
2 the qualified ex-offender begins work for the employer.

3 If the taxpayer has received any payment from a program
4 established under Section 482(e)(1) of the federal Social
5 Security Act with respect to a qualified ex-offender, then,
6 for purposes of calculating the credit under this Section, the
7 amount of the qualified wages paid to that qualified
8 ex-offender must be reduced by the amount of the payment.

9 (c) For purposes of this Section, "qualified ex-offender"
10 means any person who:

11 (1) has been convicted of a crime in this State or of
12 an offense in any other jurisdiction, not including any
13 offense or attempted offense that would subject a person
14 to registration under the Sex Offender Registration Act;

15 (2) was sentenced to a period of incarceration in an
16 Illinois adult correctional center; and

17 (3) was hired by the taxpayer within 3 years after
18 being released from an Illinois adult correctional center.

19 (d) In no event shall a credit under this Section reduce
20 the taxpayer's liability to less than zero. If the amount of
21 the credit exceeds the tax liability for the year, the excess
22 may be carried forward and applied to the tax liability of the
23 5 taxable years following the excess credit year. The tax
24 credit shall be applied to the earliest year for which there is
25 a tax liability. If there are credits for more than one year
26 that are available to offset a liability, the earlier credit

1 shall be applied first.

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

4 (Source: P.A. 98-165, eff. 8-5-13.)

5 (35 ILCS 5/218)

6 Sec. 218. Credit for student-assistance contributions.

7 (a) For taxable years ending on or after December 31, 2009
8 and on or before December 31, 2024, each taxpayer who, during
9 the taxable year, makes a contribution (i) to a specified
10 individual College Savings Pool Account under Section 16.5 of
11 the State Treasurer Act or (ii) to the Illinois Prepaid
12 Tuition Trust Fund in an amount matching a contribution made
13 in the same taxable year by an employee of the taxpayer to that
14 Account or Fund is entitled to a credit against the tax imposed
15 under subsections (a) and (b) of Section 201 in an amount equal
16 to 25% of that matching contribution, but not to exceed \$500
17 per contributing employee per taxable year.

18 (b) For taxable years ending before December 31, 2023, for
19 ~~For~~ partners, shareholders of Subchapter S corporations, and
20 owners of limited liability companies, if the liability
21 company is treated as a partnership for purposes of federal
22 and State income taxation, there is allowed a credit under
23 this Section to be determined in accordance with the
24 determination of income and distributive share of income under
25 Sections 702 and 704 and Subchapter S of the Internal Revenue

1 Code. For taxable years ending on or after December 31, 2023,
2 partners and shareholders of subchapter S corporations are
3 entitled to a credit under this Section as provided in Section
4 251.

5 (c) The credit may not be carried back. If the amount of
6 the credit exceeds the tax liability for the year, the excess
7 may be carried forward and applied to the tax liability of the
8 5 taxable years following the excess credit year. The tax
9 credit shall be applied to the earliest year for which there is
10 a tax liability. If there are credits for more than one year
11 that are available to offset a liability, the earlier credit
12 shall be applied first.

13 (d) A taxpayer claiming the credit under this Section must
14 maintain and record any information that the Illinois Student
15 Assistance Commission, the Office of the State Treasurer, or
16 the Department may require regarding the matching contribution
17 for which the credit is claimed.

18 (Source: P.A. 101-645, eff. 6-26-20; 102-289, eff. 8-6-21.)

19 (35 ILCS 5/222)

20 Sec. 222. Live theater production credit.

21 (a) For tax years beginning on or after January 1, 2012 and
22 beginning prior to January 1, 2027, a taxpayer who has
23 received a tax credit award under the Live Theater Production
24 Tax Credit Act is entitled to a credit against the taxes
25 imposed under subsections (a) and (b) of Section 201 of this

1 Act in an amount determined under that Act by the Department of
2 Commerce and Economic Opportunity.

3 (b) For taxable years ending before December 31, 2023, if
4 ~~if~~ the taxpayer is a partnership, limited liability
5 partnership, limited liability company, or Subchapter S
6 corporation, the tax credit award is allowed to the partners,
7 unit holders, or shareholders in accordance with the
8 determination of income and distributive share of income under
9 Sections 702 and 704 and Subchapter S of the Internal Revenue
10 Code. For taxable years ending on or after December 31, 2023,
11 if the taxpayer is a partnership or Subchapter S corporation,
12 then the provisions of Section 251 apply.

13 (c) A sale, assignment, or transfer of the tax credit
14 award may be made by the taxpayer earning the credit within one
15 year after the credit is awarded in accordance with rules
16 adopted by the Department of Commerce and Economic
17 Opportunity.

18 (d) The Department of Revenue, in cooperation with the
19 Department of Commerce and Economic Opportunity, shall adopt
20 rules to enforce and administer the provisions of this
21 Section.

22 (e) The tax credit award may not be carried back. If the
23 amount of the credit exceeds the tax liability for the year,
24 the excess may be carried forward and applied to the tax
25 liability of the 5 tax years following the excess credit year.
26 The tax credit award shall be applied to the earliest year for

1 which there is a tax liability. If there are credits from more
2 than one tax year that are available to offset liability, the
3 earlier credit shall be applied first. In no event may a credit
4 under this Section reduce the taxpayer's liability to less
5 than zero.

6 (Source: P.A. 102-16, eff. 6-17-21.)

7 (35 ILCS 5/224)

8 Sec. 224. Invest in Kids credit.

9 (a) For taxable years beginning on or after January 1,
10 2018 and ending before January 1, 2024, each taxpayer for whom
11 a tax credit has been awarded by the Department under the
12 Invest in Kids Act is entitled to a credit against the tax
13 imposed under subsections (a) and (b) of Section 201 of this
14 Act in an amount equal to the amount awarded under the Invest
15 in Kids Act.

16 (b) For taxable years ending before December 31, 2023, for
17 ~~For~~ partners, shareholders of subchapter S corporations, and
18 owners of limited liability companies, if the liability
19 company is treated as a partnership for purposes of federal
20 and State income taxation, the credit under this Section shall
21 be determined in accordance with the determination of income
22 and distributive share of income under Sections 702 and 704
23 and subchapter S of the Internal Revenue Code. For taxable
24 years ending on or after December 31, 2023, partners and
25 shareholders of subchapter S corporations are entitled to a

1 credit under this Section as provided in Section 251.

2 (c) The credit may not be carried back and may not reduce
3 the taxpayer's liability to less than zero. If the amount of
4 the credit exceeds the tax liability for the year, the excess
5 may be carried forward and applied to the tax liability of the
6 5 taxable years following the excess credit year. The tax
7 credit shall be applied to the earliest year for which there is
8 a tax liability. If there are credits for more than one year
9 that are available to offset the liability, the earlier credit
10 shall be applied first.

11 (d) A tax credit awarded by the Department under the
12 Invest in Kids Act may not be claimed for any qualified
13 contribution for which the taxpayer claims a federal income
14 tax deduction.

15 (Source: P.A. 102-699, eff. 4-19-22.)

16 (35 ILCS 5/228)

17 Sec. 228. Historic preservation credit. For tax years
18 beginning on or after January 1, 2019 and ending on or before
19 December 31, 2023, a taxpayer who qualifies for a credit under
20 the Historic Preservation Tax Credit Act is entitled to a
21 credit against the taxes imposed under subsections (a) and (b)
22 of Section 201 of this Act as provided in that Act. For taxable
23 years ending before December 31, 2023, if ~~if~~ the taxpayer is a
24 partnership, Subchapter S corporation, or a limited liability
25 company the credit shall be allowed to the partners,

1 shareholders, or members in accordance with the determination
2 of income and distributive share of income under Sections 702
3 and 704 and Subchapter S of the Internal Revenue Code provided
4 that credits granted to a partnership, a limited liability
5 company taxed as a partnership, or other multiple owners of
6 property shall be passed through to the partners, members, or
7 owners respectively on a pro rata basis or pursuant to an
8 executed agreement among the partners, members, or owners
9 documenting any alternate distribution method. For taxable
10 years ending on or after December 31, 2023, if the taxpayer is
11 a partnership or a Subchapter S corporation, then the
12 provisions of Section 251 apply. If the amount of any tax
13 credit awarded under this Section exceeds the qualified
14 taxpayer's income tax liability for the year in which the
15 qualified rehabilitation plan was placed in service, the
16 excess amount may be carried forward as provided in the
17 Historic Preservation Tax Credit Act.

18 (Source: P.A. 101-81, eff. 7-12-19; 102-741, eff. 5-6-22.)

19 (35 ILCS 5/229)

20 Sec. 229. Data center construction employment tax credit.

21 (a) A taxpayer who has been awarded a credit by the
22 Department of Commerce and Economic Opportunity under Section
23 605-1025 of the Department of Commerce and Economic
24 Opportunity Law of the Civil Administrative Code of Illinois
25 is entitled to a credit against the taxes imposed under

1 subsections (a) and (b) of Section 201 of this Act. The amount
2 of the credit shall be 20% of the wages paid during the taxable
3 year to a full-time or part-time employee of a construction
4 contractor employed by a certified data center if those wages
5 are paid for the construction of a new data center in a
6 geographic area that meets any one of the following criteria:

7 (1) the area has a poverty rate of at least 20%,
8 according to the U.S. Census Bureau American Community
9 Survey 5-Year Estimates;

10 (2) 75% or more of the children in the area
11 participate in the federal free lunch program, according
12 to reported statistics from the State Board of Education;

13 (3) 20% or more of the households in the area receive
14 assistance under the Supplemental Nutrition Assistance
15 Program (SNAP), according to data from the U.S. Census
16 Bureau American Community Survey 5-year Estimates; or

17 (4) the area has an average unemployment rate, as
18 determined by the Department of Employment Security, that
19 is more than 120% of the national unemployment average, as
20 determined by the U.S. Department of Labor, for a period
21 of at least 2 consecutive calendar years preceding the
22 date of the application.

23 For taxable years ending before December 31, 2023, if~~if~~
24 the taxpayer is a partnership, a Subchapter S corporation, or
25 a limited liability company that has elected partnership tax
26 treatment, the credit shall be allowed to the partners,

1 shareholders, or members in accordance with the determination
2 of income and distributive share of income under Sections 702
3 and 704 and subchapter S of the Internal Revenue Code, as
4 applicable. For taxable years ending on or after December 31,
5 2023, if the taxpayer is a partnership or a Subchapter S
6 corporation, then the provisions of Section 251 apply. The
7 Department, in cooperation with the Department of Commerce and
8 Economic Opportunity, shall adopt rules to enforce and
9 administer this Section. This Section is exempt from the
10 provisions of Section 250 of this Act.

11 (b) In no event shall a credit under this Section reduce
12 the taxpayer's liability to less than zero. If the amount of
13 the credit exceeds the tax liability for the year, the excess
14 may be carried forward and applied to the tax liability of the
15 5 taxable years following the excess credit year. The tax
16 credit shall be applied to the earliest year for which there is
17 a tax liability. If there are credits for more than one year
18 that are available to offset a liability, the earlier credit
19 shall be applied first.

20 (c) No credit shall be allowed with respect to any
21 certification for any taxable year ending after the revocation
22 of the certification by the Department of Commerce and
23 Economic Opportunity. Upon receiving notification by the
24 Department of Commerce and Economic Opportunity of the
25 revocation of certification, the Department shall notify the
26 taxpayer that no credit is allowed for any taxable year ending

1 after the revocation date, as stated in such notification. If
2 any credit has been allowed with respect to a certification
3 for a taxable year ending after the revocation date, any
4 refund paid to the taxpayer for that taxable year shall, to the
5 extent of that credit allowed, be an erroneous refund within
6 the meaning of Section 912 of this Act.

7 (Source: P.A. 101-31, eff. 6-28-19; 101-604, eff. 12-13-19;
8 102-558, eff. 8-20-21.)

9 (35 ILCS 5/231)

10 Sec. 231. Apprenticeship education expense credit.

11 (a) As used in this Section:

12 "Department" means the Department of Commerce and Economic
13 Opportunity.

14 "Employer" means an Illinois taxpayer who is the employer
15 of the qualifying apprentice.

16 "Qualifying apprentice" means an individual who: (i) is a
17 resident of the State of Illinois; (ii) is at least 16 years
18 old at the close of the school year for which a credit is
19 sought; (iii) during the school year for which a credit is
20 sought, was a full-time apprentice enrolled in an
21 apprenticeship program which is registered with the United
22 States Department of Labor, Office of Apprenticeship; and (iv)
23 is employed in Illinois by the taxpayer who is the employer.

24 "Qualified education expense" means the amount incurred on
25 behalf of a qualifying apprentice not to exceed \$3,500 for

1 tuition, book fees, and lab fees at the school or community
2 college in which the apprentice is enrolled during the regular
3 school year.

4 "School" means any public or nonpublic secondary school in
5 Illinois that is: (i) an institution of higher education that
6 provides a program that leads to an industry-recognized
7 postsecondary credential or degree; (ii) an entity that
8 carries out programs registered under the federal National
9 Apprenticeship Act; or (iii) another public or private
10 provider of a program of training services, which may include
11 a joint labor-management organization.

12 (b) For taxable years beginning on or after January 1,
13 2020, and beginning on or before January 1, 2025, the employer
14 of one or more qualifying apprentices shall be allowed a
15 credit against the tax imposed by subsections (a) and (b) of
16 Section 201 of the Illinois Income Tax Act for qualified
17 education expenses incurred on behalf of a qualifying
18 apprentice. The credit shall be equal to 100% of the qualified
19 education expenses, but in no event may the total credit
20 amount awarded to a single taxpayer in a single taxable year
21 exceed \$3,500 per qualifying apprentice. A taxpayer shall be
22 entitled to an additional \$1,500 credit against the tax
23 imposed by subsections (a) and (b) of Section 201 of the
24 Illinois Income Tax Act if (i) the qualifying apprentice
25 resides in an underserved area as defined in Section 5-5 of the
26 Economic Development for a Growing Economy Tax Credit Act

1 during the school year for which a credit is sought by an
2 employer or (ii) the employer's principal place of business is
3 located in an underserved area, as defined in Section 5-5 of
4 the Economic Development for a Growing Economy Tax Credit Act.
5 In no event shall a credit under this Section reduce the
6 taxpayer's liability under this Act to less than zero. For
7 taxable years ending before December 31, 2023, for ~~For~~
8 partners, shareholders of Subchapter S corporations, and
9 owners of limited liability companies, if the liability
10 company is treated as a partnership for purposes of federal
11 and State income taxation, there shall be allowed a credit
12 under this Section to be determined in accordance with the
13 determination of income and distributive share of income under
14 Sections 702 and 704 and Subchapter S of the Internal Revenue
15 Code. For taxable years ending on or after December 31, 2023,
16 partners and shareholders of subchapter S corporations are
17 entitled to a credit under this Section as provided in Section
18 251.

19 (c) The Department shall implement a program to certify
20 applicants for an apprenticeship credit under this Section.
21 Upon satisfactory review, the Department shall issue a tax
22 credit certificate to an employer incurring costs on behalf of
23 a qualifying apprentice stating the amount of the tax credit
24 to which the employer is entitled. If the employer is seeking a
25 tax credit for multiple qualifying apprentices, the Department
26 may issue a single tax credit certificate that encompasses the

1 aggregate total of tax credits for qualifying apprentices for
2 a single employer.

3 (d) The Department, in addition to those powers granted
4 under the Civil Administrative Code of Illinois, is granted
5 and shall have all the powers necessary or convenient to carry
6 out and effectuate the purposes and provisions of this
7 Section, including, but not limited to, power and authority
8 to:

9 (1) Adopt rules deemed necessary and appropriate for
10 the administration of this Section; establish forms for
11 applications, notifications, contracts, or any other
12 agreements; and accept applications at any time during the
13 year and require that all applications be submitted via
14 the Internet. The Department shall require that
15 applications be submitted in electronic form.

16 (2) Provide guidance and assistance to applicants
17 pursuant to the provisions of this Section and cooperate
18 with applicants to promote, foster, and support job
19 creation within the State.

20 (3) Enter into agreements and memoranda of
21 understanding for participation of and engage in
22 cooperation with agencies of the federal government, units
23 of local government, universities, research foundations or
24 institutions, regional economic development corporations,
25 or other organizations for the purposes of this Section.

26 (4) Gather information and conduct inquiries, in the

1 manner and by the methods it deems desirable, including,
2 without limitation, gathering information with respect to
3 applicants for the purpose of making any designations or
4 certifications necessary or desirable or to gather
5 information in furtherance of the purposes of this Act.

6 (5) Establish, negotiate, and effectuate any term,
7 agreement, or other document with any person necessary or
8 appropriate to accomplish the purposes of this Section,
9 and consent, subject to the provisions of any agreement
10 with another party, to the modification or restructuring
11 of any agreement to which the Department is a party.

12 (6) Provide for sufficient personnel to permit
13 administration, staffing, operation, and related support
14 required to adequately discharge its duties and
15 responsibilities described in this Section from funds made
16 available through charges to applicants or from funds as
17 may be appropriated by the General Assembly for the
18 administration of this Section.

19 (7) Require applicants, upon written request, to issue
20 any necessary authorization to the appropriate federal,
21 State, or local authority or any other person for the
22 release to the Department of information requested by the
23 Department, including, but not be limited to, financial
24 reports, returns, or records relating to the applicant or
25 to the amount of credit allowable under this Section.

26 (8) Require that an applicant shall, at all times,

1 keep proper books of record and account in accordance with
2 generally accepted accounting principles consistently
3 applied, with the books, records, or papers related to the
4 agreement in the custody or control of the applicant open
5 for reasonable Department inspection and audits,
6 including, without limitation, the making of copies of the
7 books, records, or papers.

8 (9) Take whatever actions are necessary or appropriate
9 to protect the State's interest in the event of
10 bankruptcy, default, foreclosure, or noncompliance with
11 the terms and conditions of financial assistance or
12 participation required under this Section or any agreement
13 entered into under this Section, including the power to
14 sell, dispose of, lease, or rent, upon terms and
15 conditions determined by the Department to be appropriate,
16 real or personal property that the Department may recover
17 as a result of these actions.

18 (e) The Department, in consultation with the Department of
19 Revenue, shall adopt rules to administer this Section. The
20 aggregate amount of the tax credits that may be claimed under
21 this Section for qualified education expenses incurred by an
22 employer on behalf of a qualifying apprentice shall be limited
23 to \$5,000,000 per calendar year. If applications for a greater
24 amount are received, credits shall be allowed on a first-come
25 first-served basis, based on the date on which each properly
26 completed application for a certificate of eligibility is

1 received by the Department. If more than one certificate is
2 received on the same day, the credits will be awarded based on
3 the time of submission for that particular day.

4 (f) An employer may not sell or otherwise transfer a
5 credit awarded under this Section to another person or
6 taxpayer.

7 (g) The employer shall provide the Department such
8 information as the Department may require, including but not
9 limited to: (i) the name, age, and taxpayer identification
10 number of each qualifying apprentice employed by the taxpayer
11 during the taxable year; (ii) the amount of qualified
12 education expenses incurred with respect to each qualifying
13 apprentice; and (iii) the name of the school at which the
14 qualifying apprentice is enrolled and the qualified education
15 expenses are incurred.

16 (h) On or before July 1 of each year, the Department shall
17 report to the Governor and the General Assembly on the tax
18 credit certificates awarded under this Section for the prior
19 calendar year. The report must include:

20 (1) the name of each employer awarded or allocated a
21 credit;

22 (2) the number of qualifying apprentices for whom the
23 employer has incurred qualified education expenses;

24 (3) the North American Industry Classification System
25 (NAICS) code applicable to each employer awarded or
26 allocated a credit;

1 (4) the amount of the credit awarded or allocated to
2 each employer;

3 (5) the total number of employers awarded or allocated
4 a credit;

5 (6) the total number of qualifying apprentices for
6 whom employers receiving credits under this Section
7 incurred qualified education expenses; and

8 (7) the average cost to the employer of all
9 apprenticeships receiving credits under this Section.

10 (Source: P.A. 101-207, eff. 8-2-19; 102-558, eff. 8-20-21.)

11 (35 ILCS 5/237)

12 Sec. 237. REV Illinois Investment Tax credits.

13 (a) For tax years beginning on or after the effective date
14 of this amendatory Act of the 102nd General Assembly, a
15 taxpayer shall be allowed a credit against the tax imposed by
16 subsections (a) and (b) of Section 201 for investment in
17 qualified property which is placed in service at the site of a
18 REV Illinois Project subject to an agreement between the
19 taxpayer and the Department of Commerce and Economic
20 Opportunity pursuant to the Reimagining Electric Vehicles in
21 Illinois Act. For taxable years ending before December 31,
22 2023, for ~~For~~ partners, shareholders of Subchapter S
23 corporations, and owners of limited liability companies, if
24 the liability company is treated as a partnership for purposes
25 of federal and State income taxation, there shall be allowed a

1 credit under this Section to be determined in accordance with
2 the determination of income and distributive share of income
3 under Sections 702 and 704 and Subchapter S of the Internal
4 Revenue Code. For taxable years ending on or after December
5 31, 2023, partners and shareholders of subchapter S
6 corporations are entitled to a credit under this Section as
7 provided in Section 251. The credit shall be 0.5% of the basis
8 for such property. The credit shall be available only in the
9 taxable year in which the property is placed in service and
10 shall not be allowed to the extent that it would reduce a
11 taxpayer's liability for the tax imposed by subsections (a)
12 and (b) of Section 201 to below zero. The credit shall be
13 allowed for the tax year in which the property is placed in
14 service, or, if the amount of the credit exceeds the tax
15 liability for that year, whether it exceeds the original
16 liability or the liability as later amended, such excess may
17 be carried forward and applied to the tax liability of the 5
18 taxable years following the excess credit year. The credit
19 shall be applied to the earliest year for which there is a
20 liability. If there is credit from more than one tax year that
21 is available to offset a liability, the credit accruing first
22 in time shall be applied first.

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

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

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

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

4 (3) is acquired by purchase as defined in Section
5 179(d) of the Internal Revenue Code;

6 (4) is used at the site of the REV Illinois Project by
7 the taxpayer; and

8 (5) has not been previously used in Illinois in such a
9 manner and by such a person as would qualify for the credit
10 provided by this Section.

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

14 (d) If the basis of the property for federal income tax
15 depreciation purposes is increased after it has been placed in
16 service at the site of the REV Illinois Project by the
17 taxpayer, the amount of such increase shall be deemed property
18 placed in service on the date of such increase in basis.

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

21 (f) If during any taxable year, any property ceases to be
22 qualified property in the hands of the taxpayer within 48
23 months after being placed in service, or the situs of any
24 qualified property is moved from the REV Illinois Project site
25 within 48 months after being placed in service, the tax
26 imposed under subsections (a) and (b) of Section 201 for such

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

11 (Source: P.A. 102-669, eff. 11-16-21.)

12 (35 ILCS 5/251 new)

13 Sec. 251. Pass-through of credits to partners and S
14 corporation shareholders. For taxable years ending on or after
15 December 31, 2023, if any person earning a credit against the
16 tax imposed under subsections (a) and (b) of Section 201 is a
17 partnership or Subchapter S corporation, the credit is allowed
18 to pass through to the partners and shareholders in accordance
19 with the determination of income and distributive share of
20 income under Sections 702 and 704 and Subchapter S of the
21 Internal Revenue Code, or as otherwise agreed by the partners
22 or shareholders, provided that such agreement shall be
23 executed in writing prior to the due date of the return for the
24 taxable year and meet such other requirements as the
25 Department may establish by rule. Partnership has the meaning

1 prescribed in subdivision (a) (16) of Section 1501.