

1 AN ACT concerning schools.

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

4 ARTICLE 15

5 Section 15-5. The State Finance Act is amended by adding
6 Sections 5.595 and 6z-59 as follows:

7 (30 ILCS 105/5.595 new)

8 Sec. 5.595. The School District Property Tax Relief Fund.

9 (30 ILCS 105/6z-59 new)

10 Sec. 6z-59. School District Property Tax Relief Fund.

11 The School District Property Tax Relief Fund is created as a
12 special fund in the State treasury. All interest earned on
13 moneys in the Fund shall be deposited into the Fund.

14 (a) As used in this Section:

15 "Department" means the Illinois Department of Revenue.

16 "School district property tax relief grant" means the
17 money designated to be distributed to a school district from
18 the moneys appropriated by the General Assembly from the
19 School District Property Tax Relief Fund.

20 (b) Between November 15 and 17 of each year beginning in
21 2003, the Department must certify the amount of money
22 available for school district property tax relief grants. The
23 amount available is equal to the amount appropriated by the
24 General Assembly or the unencumbered amount in the Fund at
25 the time of certification, whichever is less.

26 (c) Between November 15 and 17 of each year beginning in
27 2003, the Department must calculate each school district's
28 grant amount.

29 The amount of the grant for each school district for a

1 tax year is calculated as follows: (i) each school district
 2 must certify to the Department the rate of the tax extended
 3 for educational purposes for the 2001 tax year (payable in
 4 2002) for the school district; (ii) the Department must
 5 determine the equalized assessed value (EAV) of all taxable
 6 property in the school district for the tax year preceding
 7 the then current tax year; (iii) the rate determined in item
 8 (i) is multiplied by the EAV determined in item (ii); (iv)
 9 the amounts determined in item (iii) for all school districts
 10 are added together to reach an aggregate total for all school
 11 districts; and (v) the amount certified by the Department as
 12 available for distribution for that tax year is multiplied by
 13 the amount determined in item (iii) and then the product is
 14 divided by the amount determined in item (iv). The result
 15 determined in item (v) is the grant amount for the tax year.

16 For example:

17 (1) Total grant amount certified by the Department
 18 for the tax year is \$5,000,000 to be distributed to
 19 school districts A and B.

20 (2) School district A:

21 (A) Tax rate for educational purposes for the
 22 2001 tax year was 1.50%.

23 (B) Equalized assessed value of all taxable
 24 property in school district A for the preceding tax
 25 year was \$50,000,000.

26 (3) School district B:

27 (A) Tax rate for educational purposes for the
 28 2001 tax year was 1.35%.

29 (B) Equalized assessed value of all taxable
 30 property in school district B for the preceding tax
 31 year was \$75,000,000.

32 For school district A, the tax rate multiplied by the
 33 preceding tax year's equalized assessed value of all taxable
 34 property is \$750,000 (1.50% multiplied by \$50,000,000). For

1 school district B, the tax rate multiplied by the preceding
2 tax year's equalized assessed value of all taxable property
3 is \$1,012,500 (1.35% multiplied by \$75,000,000). The sum of
4 these 2 amounts is \$1,762,500. The grant for school district
5 A is \$5,000,000 (the total amount of grant moneys available)
6 multiplied by \$750,000 and then the product is divided by
7 \$1,762,500. School district A's grant is \$2,127,660. The
8 grant for school district B is \$5,000,000 (the total amount
9 of grant moneys available) multiplied by \$1,012,500 and then
10 the product is divided by \$1,762,500. School district B's
11 grant is \$2,872,340.

12 The Department must adopt rules to determine the
13 computation of the grant amount for a school district that
14 has undergone school district reorganization under Article 7,
15 7A, 11A, 11B, or 11D of the School Code (for example:
16 consolidation, conversion into a different type of district,
17 or creation of a new district).

18 (d) Between November 15 and 17 of each year beginning in
19 2003, the Department must certify to the county clerk of each
20 county the amount of the grant for each school district lying
21 wholly or partly in the county to be paid to the county
22 collector for distribution to the school district. The amount
23 of the grant for a school district that lies partly in the
24 county shall be that amount which bears the same ratio to the
25 grant for the whole school district as the equalized assessed
26 value of the taxable property in the school district for the
27 preceding tax year that lies in the county bears to the
28 equalized assessed value of all taxable property in the
29 school district for the preceding tax year.

30 (e) Upon receipt of a notice from the county clerk
31 required under Section 18-178 of the Property Tax Code that
32 the extension for educational purposes has been determined
33 and abated for each school district or part of a school
34 district in the county, the Department must certify to the

1 Comptroller the amount of the school district property tax
2 relief grant to be paid to the county collector. The
3 Comptroller must promptly pay the grants to the county
4 collector. Upon receipt of the school district property tax
5 relief grants, the county collector must pay the grants to
6 the respective school districts within 5 business days.

7 Section 15-10. The Illinois Income Tax Act is amended by
8 changing Sections 201, 804, and 901 and by adding Section
9 202.5 as follows:

10 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

11 Sec. 201. Tax Imposed.

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

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

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

26 (2) In the case of an individual, trust or estate,
27 for taxable years beginning prior to July 1, 1989 and
28 ending after June 30, 1989, an amount equal to the sum of
29 (i) 2 1/2% of the taxpayer's net income for the period
30 prior to July 1, 1989, as calculated under Section 202.3,
31 and (ii) 3% of the taxpayer's net income for the period
32 after June 30, 1989, as calculated under Section 202.3.

1 (3) In the case of an individual, trust or estate,
2 for taxable years beginning after June 30, 1989 and
3 ending prior to July 1, 2003, an amount equal to 3% of
4 the taxpayer's net income for the taxable year.

5 (4) In the case of an individual, trust, or estate,
6 for taxable years beginning prior to July 1, 2003 and
7 ending after June 30, 2003, an amount equal to the sum of
8 (i) 3% of the taxpayer's net income for the period prior
9 to July 1, 2003, as calculated under Section 202.5, and
10 (ii) 4% of the taxpayer's net income for the period after
11 June 30, 2003, as calculated under Section 202.5 {Blank}.

12 (5) In the case of an individual, trust, or estate,
13 for taxable years beginning after June 30, 2003, an
14 amount equal to 4% of the taxpayer's net income for the
15 taxable year {Blank}.

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

19 (7) In the case of a corporation, for taxable years
20 beginning prior to July 1, 1989 and ending after June 30,
21 1989, an amount equal to the sum of (i) 4% of the
22 taxpayer's net income for the period prior to July 1,
23 1989, as calculated under Section 202.3, and (ii) 4.8% of
24 the taxpayer's net income for the period after June 30,
25 1989, as calculated under Section 202.3.

26 (8) In the case of a corporation, for taxable years
27 beginning after June 30, 1989 and ending prior to July 1,
28 2003, an amount equal to 4.8% of the taxpayer's net
29 income for the taxable year.

30 (9) In the case a corporation, for taxable years
31 beginning prior to July 1, 2003 and ending after June 30,
32 2003, an amount equal to the sum of (i) 4.8% of the
33 taxpayer's net income for the period prior to July 1,
34 2003, as calculated under Section 202.5, and (ii) 6.4% of

1 the taxpayer's net income for the period after June 30,
2 2003, as calculated under Section 202.5.

3 (10) In the case of a corporation, for taxable
4 years beginning after June 30, 2003, an amount equal to
5 6.4% of the taxpayer's net income for the taxable year.

6 (c) Personal Property Tax Replacement Income Tax.
7 Beginning on July 1, 1979 and thereafter, in addition to such
8 income tax, there is also hereby imposed the Personal
9 Property Tax Replacement Income Tax measured by net income on
10 every corporation (including Subchapter S corporations),
11 partnership and trust, for each taxable year ending after
12 June 30, 1979. Such taxes are imposed on the privilege of
13 earning or receiving income in or as a resident of this
14 State. The Personal Property Tax Replacement Income Tax
15 shall be in addition to the income tax imposed by subsections
16 (a) and (b) of this Section and in addition to all other
17 occupation or privilege taxes imposed by this State or by any
18 municipal corporation or political subdivision thereof.

19 (d) Additional Personal Property Tax Replacement Income
20 Tax Rates. The personal property tax replacement income tax
21 imposed by this subsection and subsection (c) of this Section
22 in the case of a corporation, other than a Subchapter S
23 corporation and except as adjusted by subsection (d-1), shall
24 be an additional amount equal to 2.85% of such taxpayer's net
25 income for the taxable year, except that beginning on January
26 1, 1981, and thereafter, the rate of 2.85% specified in this
27 subsection shall be reduced to 2.5%, and in the case of a
28 partnership, trust or a Subchapter S corporation shall be an
29 additional amount equal to 1.5% of such taxpayer's net income
30 for the taxable year.

31 (d-1) Rate reduction for certain foreign insurers. In
32 the case of a foreign insurer, as defined by Section 35A-5 of
33 the Illinois Insurance Code, whose state or country of
34 domicile imposes on insurers domiciled in Illinois a

1 retaliatory tax (excluding any insurer whose premiums from
2 reinsurance assumed are 50% or more of its total insurance
3 premiums as determined under paragraph (2) of subsection (b)
4 of Section 304, except that for purposes of this
5 determination premiums from reinsurance do not include
6 premiums from inter-affiliate reinsurance arrangements),
7 beginning with taxable years ending on or after December 31,
8 1999, the sum of the rates of tax imposed by subsections (b)
9 and (d) shall be reduced (but not increased) to the rate at
10 which the total amount of tax imposed under this Act, net of
11 all credits allowed under this Act, shall equal (i) the total
12 amount of tax that would be imposed on the foreign insurer's
13 net income allocable to Illinois for the taxable year by such
14 foreign insurer's state or country of domicile if that net
15 income were subject to all income taxes and taxes measured by
16 net income imposed by such foreign insurer's state or country
17 of domicile, net of all credits allowed or (ii) a rate of
18 zero if no such tax is imposed on such income by the foreign
19 insurer's state of domicile. For the purposes of this
20 subsection (d-1), an inter-affiliate includes a mutual
21 insurer under common management.

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

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

29 (B) the privilege tax imposed by Section 409
30 of the Illinois Insurance Code, the fire insurance
31 company tax imposed by Section 12 of the Fire
32 Investigation Act, and the fire department taxes
33 imposed under Section 11-10-1 of the Illinois
34 Municipal Code,

1 equals 1.25% of the net taxable premiums written for the
2 taxable year, as described by subsection (1) of Section
3 409 of the Illinois Insurance Code. This paragraph will
4 in no event increase the rates imposed under subsections
5 (b) and (d).

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

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

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

18 (1) A taxpayer shall be allowed a credit equal to
19 .5% of the basis of qualified property placed in service
20 during the taxable year, provided such property is placed
21 in service on or after July 1, 1984. There shall be
22 allowed an additional credit equal to .5% of the basis of
23 qualified property placed in service during the taxable
24 year, provided such property is placed in service on or
25 after July 1, 1986, and the taxpayer's base employment
26 within Illinois has increased by 1% or more over the
27 preceding year as determined by the taxpayer's employment
28 records filed with the Illinois Department of Employment
29 Security. Taxpayers who are new to Illinois shall be
30 deemed to have met the 1% growth in base employment for
31 the first year in which they file employment records with
32 the Illinois Department of Employment Security. The
33 provisions added to this Section by Public Act 85-1200
34 (and restored by Public Act 87-895) shall be construed as

1 declaratory of existing law and not as a new enactment.
2 If, in any year, the increase in base employment within
3 Illinois over the preceding year is less than 1%, the
4 additional credit shall be limited to that percentage
5 times a fraction, the numerator of which is .5% and the
6 denominator of which is 1%, but shall not exceed .5%.
7 The investment credit shall not be allowed to the extent
8 that it would reduce a taxpayer's liability in any tax
9 year below zero, nor may any credit for qualified
10 property be allowed for any year other than the year in
11 which the property was placed in service in Illinois. For
12 tax years ending on or after December 31, 1987, and on or
13 before December 31, 1988, the credit shall be allowed for
14 the tax year in which the property is placed in service,
15 or, if the amount of the credit exceeds the tax liability
16 for that year, whether it exceeds the original liability
17 or the liability as later amended, such excess may be
18 carried forward and applied to the tax liability of the 5
19 taxable years following the excess credit years if the
20 taxpayer (i) makes investments which cause the creation
21 of a minimum of 2,000 full-time equivalent jobs in
22 Illinois, (ii) is located in an enterprise zone
23 established pursuant to the Illinois Enterprise Zone Act
24 and (iii) is certified by the Department of Commerce and
25 Community Affairs as complying with the requirements
26 specified in clause (i) and (ii) by July 1, 1986. The
27 Department of Commerce and Community Affairs shall notify
28 the Department of Revenue of all such certifications
29 immediately. For tax years ending after December 31,
30 1988, the credit shall be allowed for the tax year in
31 which the property is placed in service, or, if the
32 amount of the credit exceeds the tax liability for that
33 year, whether it exceeds the original liability or the
34 liability as later amended, such excess may be carried

1 forward and applied to the tax liability of the 5 taxable
2 years following the excess credit years. The credit shall
3 be applied to the earliest year for which there is a
4 liability. If there is credit from more than one tax year
5 that is available to offset a liability, earlier credit
6 shall be applied first.

7 (2) The term "qualified property" means property
8 which:

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

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

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

23 (D) is used in Illinois by a taxpayer who is
24 primarily engaged in manufacturing, or in mining
25 coal or fluorite, or in retailing; and

26 (E) has not previously been used in Illinois
27 in such a manner and by such a person as would
28 qualify for the credit provided by this subsection
29 (e) or subsection (f).

30 (3) For purposes of this subsection (e),
31 "manufacturing" means the material staging and production
32 of tangible personal property by procedures commonly
33 regarded as manufacturing, processing, fabrication, or
34 assembling which changes some existing material into new

1 shapes, new qualities, or new combinations. For purposes
2 of this subsection (e) the term "mining" shall have the
3 same meaning as the term "mining" in Section 613(c) of
4 the Internal Revenue Code. For purposes of this
5 subsection (e), the term "retailing" means the sale of
6 tangible personal property or services rendered in
7 conjunction with the sale of tangible consumer goods or
8 commodities.

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

12 (5) If the basis of the property for federal income
13 tax depreciation purposes is increased after it has been
14 placed in service in Illinois by the taxpayer, the amount
15 of such increase shall be deemed property placed in
16 service on the date of such increase in basis.

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

20 (7) If during any taxable year, any property ceases
21 to be qualified property in the hands of the taxpayer
22 within 48 months after being placed in service, or the
23 situs of any qualified property is moved outside Illinois
24 within 48 months after being placed in service, the
25 Personal Property Tax Replacement Income Tax for such
26 taxable year shall be increased. Such increase shall be
27 determined by (i) recomputing the investment credit which
28 would have been allowed for the year in which credit for
29 such property was originally allowed by eliminating such
30 property from such computation and, (ii) subtracting such
31 recomputed credit from the amount of credit previously
32 allowed. For the purposes of this paragraph (7), a
33 reduction of the basis of qualified property resulting
34 from a redetermination of the purchase price shall be

1 deemed a disposition of qualified property to the extent
2 of such reduction.

3 (8) Unless the investment credit is extended by
4 law, the basis of qualified property shall not include
5 costs incurred after December 31, 2003, except for costs
6 incurred pursuant to a binding contract entered into on
7 or before December 31, 2003.

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

25 For taxable years ending on or after December 31,
26 2000, a partner that qualifies its partnership for a
27 subtraction under subparagraph (I) of paragraph (2) of
28 subsection (d) of Section 203 or a shareholder that
29 qualifies a Subchapter S corporation for a subtraction
30 under subparagraph (S) of paragraph (2) of subsection (b)
31 of Section 203 shall be allowed a credit under this
32 subsection (e) equal to its share of the credit earned
33 under this subsection (e) during the taxable year by the
34 partnership or Subchapter S corporation, determined in

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

5 (f) Investment credit; Enterprise Zone.

6 (1) A taxpayer shall be allowed a credit against
7 the tax imposed by subsections (a) and (b) of this
8 Section for investment in qualified property which is
9 placed in service in an Enterprise Zone created pursuant
10 to the Illinois Enterprise Zone Act. For partners,
11 shareholders of Subchapter S corporations, and owners of
12 limited liability companies, if the liability company is
13 treated as a partnership for purposes of federal and
14 State income taxation, there shall be allowed a credit
15 under this subsection (f) to be determined in accordance
16 with the determination of income and distributive share
17 of income under Sections 702 and 704 and Subchapter S of
18 the Internal Revenue Code. The credit shall be .5% of
19 the basis for such property. The credit shall be
20 available only in the taxable year in which the property
21 is placed in service in the Enterprise Zone and shall not
22 be allowed to the extent that it would reduce a
23 taxpayer's liability for the tax imposed by subsections
24 (a) and (b) of this Section to below zero. For tax years
25 ending on or after December 31, 1985, the credit shall be
26 allowed for the tax year in which the property is placed
27 in service, or, if the amount of the credit exceeds the
28 tax liability for that year, whether it exceeds the
29 original liability or the liability as later amended,
30 such excess may be carried forward and applied to the tax
31 liability of the 5 taxable years following the excess
32 credit year. The credit shall be applied to the earliest
33 year for which there is a liability. If there is credit
34 from more than one tax year that is available to offset a

1 liability, the credit accruing first in time shall be
2 applied first.

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

5 (A) is tangible, whether new or used,
6 including buildings and structural components of
7 buildings;

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

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

15 (D) is used in the Enterprise Zone by the
16 taxpayer; and

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

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

24 (4) If the basis of the property for federal income
25 tax depreciation purposes is increased after it has been
26 placed in service in the Enterprise Zone by the taxpayer,
27 the amount of such increase shall be deemed property
28 placed in service on the date of such increase in basis.

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

32 (6) If during any taxable year, any property ceases
33 to be qualified property in the hands of the taxpayer
34 within 48 months after being placed in service, or the

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

15 (g) Jobs Tax Credit; Enterprise Zone and Foreign Trade
16 Zone or Sub-Zone.

17 (1) A taxpayer conducting a trade or business in an
18 enterprise zone or a High Impact Business designated by
19 the Department of Commerce and Community Affairs
20 conducting a trade or business in a federally designated
21 Foreign Trade Zone or Sub-Zone shall be allowed a credit
22 against the tax imposed by subsections (a) and (b) of
23 this Section in the amount of \$500 per eligible employee
24 hired to work in the zone during the taxable year.

25 (2) To qualify for the credit:

26 (A) the taxpayer must hire 5 or more eligible
27 employees to work in an enterprise zone or federally
28 designated Foreign Trade Zone or Sub-Zone during the
29 taxable year;

30 (B) the taxpayer's total employment within the
31 enterprise zone or federally designated Foreign
32 Trade Zone or Sub-Zone must increase by 5 or more
33 full-time employees beyond the total employed in
34 that zone at the end of the previous tax year for

1 which a jobs tax credit under this Section was
2 taken, or beyond the total employed by the taxpayer
3 as of December 31, 1985, whichever is later; and

4 (C) the eligible employees must be employed
5 180 consecutive days in order to be deemed hired for
6 purposes of this subsection.

7 (3) An "eligible employee" means an employee who
8 is:

9 (A) Certified by the Department of Commerce
10 and Community Affairs as "eligible for services"
11 pursuant to regulations promulgated in accordance
12 with Title II of the Job Training Partnership Act,
13 Training Services for the Disadvantaged or Title III
14 of the Job Training Partnership Act, Employment and
15 Training Assistance for Dislocated Workers Program.

16 (B) Hired after the enterprise zone or
17 federally designated Foreign Trade Zone or Sub-Zone
18 was designated or the trade or business was located
19 in that zone, whichever is later.

20 (C) Employed in the enterprise zone or Foreign
21 Trade Zone or Sub-Zone. An employee is employed in
22 an enterprise zone or federally designated Foreign
23 Trade Zone or Sub-Zone if his services are rendered
24 there or it is the base of operations for the
25 services performed.

26 (D) A full-time employee working 30 or more
27 hours per week.

28 (4) For tax years ending on or after December 31,
29 1985 and prior to December 31, 1988, the credit shall be
30 allowed for the tax year in which the eligible employees
31 are hired. For tax years ending on or after December 31,
32 1988, the credit shall be allowed for the tax year
33 immediately following the tax year in which the eligible
34 employees are hired. If the amount of the credit exceeds

1 the tax liability for that year, whether it exceeds the
2 original liability or the liability as later amended,
3 such excess may be carried forward and applied to the tax
4 liability of the 5 taxable years following the excess
5 credit year. The credit shall be applied to the earliest
6 year for which there is a liability. If there is credit
7 from more than one tax year that is available to offset a
8 liability, earlier credit shall be applied first.

9 (5) The Department of Revenue shall promulgate such
10 rules and regulations as may be deemed necessary to carry
11 out the purposes of this subsection (g).

12 (6) The credit shall be available for eligible
13 employees hired on or after January 1, 1986.

14 (h) Investment credit; High Impact Business.

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

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

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

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

27 (A) is tangible, whether new or used,
28 including buildings and structural components of
29 buildings;

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

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

3 (D) is not eligible for the Enterprise Zone
4 Investment Credit provided by subsection (f) of this
5 Section.

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

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

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

18 (6) If during any taxable year ending on or before
19 December 31, 1996, any property ceases to be qualified
20 property in the hands of the taxpayer within 48 months
21 after being placed in service, or the situs of any
22 qualified property is moved outside Illinois within 48
23 months after being placed in service, the tax imposed
24 under subsections (a) and (b) of this Section for such
25 taxable year shall be increased. Such increase shall be
26 determined by (i) recomputing the investment credit which
27 would have been allowed for the year in which credit for
28 such property was originally allowed by eliminating such
29 property from such computation, and (ii) subtracting such
30 recomputed credit from the amount of credit previously
31 allowed. For the purposes of this paragraph (6), a
32 reduction of the basis of qualified property resulting
33 from a redetermination of the purchase price shall be
34 deemed a disposition of qualified property to the extent

1 of such reduction.

2 (7) Beginning with tax years ending after December
3 31, 1996, if a taxpayer qualifies for the credit under
4 this subsection (h) and thereby is granted a tax
5 abatement and the taxpayer relocates its entire facility
6 in violation of the explicit terms and length of the
7 contract under Section 18-183 of the Property Tax Code,
8 the tax imposed under subsections (a) and (b) of this
9 Section shall be increased for the taxable year in which
10 the taxpayer relocated its facility by an amount equal to
11 the amount of credit received by the taxpayer under this
12 subsection (h).

13 (i) Credit for Personal Property Tax Replacement Income
14 Tax. A credit shall be allowed against the tax imposed by
15 subsections (a) and (b) of this Section for the tax imposed
16 by subsections (c) and (d) of this Section. This credit
17 shall be computed by multiplying the tax imposed by
18 subsections (c) and (d) of this Section by a fraction, the
19 numerator of which is base income allocable to Illinois and
20 the denominator of which is Illinois base income, and further
21 multiplying the product by the tax rate imposed by
22 subsections (a) and (b) of this Section.

23 Any credit earned on or after December 31, 1986 under
24 this subsection which is unused in the year the credit is
25 computed because it exceeds the tax liability imposed by
26 subsections (a) and (b) for that year (whether it exceeds the
27 original liability or the liability as later amended) may be
28 carried forward and applied to the tax liability imposed by
29 subsections (a) and (b) of the 5 taxable years following the
30 excess credit year. This credit shall be applied first to
31 the earliest year for which there is a liability. If there
32 is a credit under this subsection from more than one tax year
33 that is available to offset a liability the earliest credit
34 arising under this subsection shall be applied first.

1 If, during any taxable year ending on or after December
2 31, 1986, the tax imposed by subsections (c) and (d) of this
3 Section for which a taxpayer has claimed a credit under this
4 subsection (i) is reduced, the amount of credit for such tax
5 shall also be reduced. Such reduction shall be determined by
6 recomputing the credit to take into account the reduced tax
7 imposed by subsections (c) and (d). If any portion of the
8 reduced amount of credit has been carried to a different
9 taxable year, an amended return shall be filed for such
10 taxable year to reduce the amount of credit claimed.

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

30 Any credit allowed under this subsection which is unused
31 in the year the credit is earned may be carried forward to
32 each of the 5 taxable years following the year for which the
33 credit is first computed until it is used. This credit shall
34 be applied first to the earliest year for which there is a

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

5 (k) Research and development credit.

6 Beginning with tax years ending after July 1, 1990, a
7 taxpayer shall be allowed a credit against the tax imposed by
8 subsections (a) and (b) of this Section for increasing
9 research activities in this State. The credit allowed
10 against the tax imposed by subsections (a) and (b) shall be
11 equal to 6 1/2% of the qualifying expenditures for increasing
12 research activities in this State. For partners,
13 shareholders of subchapter S corporations, and owners of
14 limited liability companies, if the liability company is
15 treated as a partnership for purposes of federal and State
16 income taxation, there shall be allowed a credit under this
17 subsection to be determined in accordance with the
18 determination of income and distributive share of income
19 under Sections 702 and 704 and subchapter S of the Internal
20 Revenue Code.

21 For purposes of this subsection, "qualifying
22 expenditures" means the qualifying expenditures as defined
23 for the federal credit for increasing research activities
24 which would be allowable under Section 41 of the Internal
25 Revenue Code and which are conducted in this State,
26 "qualifying expenditures for increasing research activities
27 in this State" means the excess of qualifying expenditures
28 for the taxable year in which incurred over qualifying
29 expenditures for the base period, "qualifying expenditures
30 for the base period" means the average of the qualifying
31 expenditures for each year in the base period, and "base
32 period" means the 3 taxable years immediately preceding the
33 taxable year for which the determination is being made.

34 Any credit in excess of the tax liability for the taxable

1 year may be carried forward. A taxpayer may elect to have the
2 unused credit shown on its final completed return carried
3 over as a credit against the tax liability for the following
4 5 taxable years or until it has been fully used, whichever
5 occurs first.

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

18 Unless extended by law, the credit shall not include
19 costs incurred after December 31, 2004, except for costs
20 incurred pursuant to a binding contract entered into on or
21 before December 31, 2004.

22 No inference shall be drawn from this amendatory Act of
23 the 91st General Assembly in construing this Section for
24 taxable years beginning before January 1, 1999.

25 (1) Environmental Remediation Tax Credit.

26 (i) For tax years ending after December 31, 1997
27 and on or before December 31, 2001, a taxpayer shall be
28 allowed a credit against the tax imposed by subsections
29 (a) and (b) of this Section for certain amounts paid for
30 unreimbursed eligible remediation costs, as specified in
31 this subsection. For purposes of this Section,
32 "unreimbursed eligible remediation costs" means costs
33 approved by the Illinois Environmental Protection Agency
34 ("Agency") under Section 58.14 of the Environmental

1 Protection Act that were paid in performing environmental
2 remediation at a site for which a No Further Remediation
3 Letter was issued by the Agency and recorded under
4 Section 58.10 of the Environmental Protection Act. The
5 credit must be claimed for the taxable year in which
6 Agency approval of the eligible remediation costs is
7 granted. The credit is not available to any taxpayer if
8 the taxpayer or any related party caused or contributed
9 to, in any material respect, a release of regulated
10 substances on, in, or under the site that was identified
11 and addressed by the remedial action pursuant to the Site
12 Remediation Program of the Environmental Protection Act.
13 After the Pollution Control Board rules are adopted
14 pursuant to the Illinois Administrative Procedure Act for
15 the administration and enforcement of Section 58.9 of the
16 Environmental Protection Act, determinations as to credit
17 availability for purposes of this Section shall be made
18 consistent with those rules. For purposes of this
19 Section, "taxpayer" includes a person whose tax
20 attributes the taxpayer has succeeded to under Section
21 381 of the Internal Revenue Code and "related party"
22 includes the persons disallowed a deduction for losses by
23 paragraphs (b), (c), and (f)(1) of Section 267 of the
24 Internal Revenue Code by virtue of being a related
25 taxpayer, as well as any of its partners. The credit
26 allowed against the tax imposed by subsections (a) and
27 (b) shall be equal to 25% of the unreimbursed eligible
28 remediation costs in excess of \$100,000 per site, except
29 that the \$100,000 threshold shall not apply to any site
30 contained in an enterprise zone as determined by the
31 Department of Commerce and Community Affairs. The total
32 credit allowed shall not exceed \$40,000 per year with a
33 maximum total of \$150,000 per site. For partners and
34 shareholders of subchapter S corporations, there shall be

1 allowed a credit under this subsection to be determined
2 in accordance with the determination of income and
3 distributive share of income under Sections 702 and 704
4 and subchapter S of the Internal Revenue Code.

5 (ii) A credit allowed under this subsection that is
6 unused in the year the credit is earned may be carried
7 forward to each of the 5 taxable years following the year
8 for which the credit is first earned until it is used.
9 The term "unused credit" does not include any amounts of
10 unreimbursed eligible remediation costs in excess of the
11 maximum credit per site authorized under paragraph (i).
12 This credit shall be applied first to the earliest year
13 for which there is a liability. If there is a credit
14 under this subsection from more than one tax year that is
15 available to offset a liability, the earliest credit
16 arising under this subsection shall be applied first. A
17 credit allowed under this subsection may be sold to a
18 buyer as part of a sale of all or part of the remediation
19 site for which the credit was granted. The purchaser of
20 a remediation site and the tax credit shall succeed to
21 the unused credit and remaining carry-forward period of
22 the seller. To perfect the transfer, the assignor shall
23 record the transfer in the chain of title for the site
24 and provide written notice to the Director of the
25 Illinois Department of Revenue of the assignor's intent
26 to sell the remediation site and the amount of the tax
27 credit to be transferred as a portion of the sale. In no
28 event may a credit be transferred to any taxpayer if the
29 taxpayer or a related party would not be eligible under
30 the provisions of subsection (i).

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

34 (m) Education expense credit. Beginning with tax years

1 ending after December 31, 1999, a taxpayer who is the
2 custodian of one or more qualifying pupils shall be allowed a
3 credit against the tax imposed by subsections (a) and (b) of
4 this Section for qualified education expenses incurred on
5 behalf of the qualifying pupils. The credit shall be equal
6 to 25% of qualified education expenses, but in no event may
7 the total credit under this subsection claimed by a family
8 that is the custodian of qualifying pupils exceed \$500. In
9 no event shall a credit under this subsection reduce the
10 taxpayer's liability under this Act to less than zero. This
11 subsection is exempt from the provisions of Section 250 of
12 this Act.

13 For purposes of this subsection:

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

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

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

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

1 (Source: P.A. 91-9, eff. 1-1-00; 91-357, eff. 7-29-99;
2 91-643, eff. 8-20-99; 91-644, eff. 8-20-99; 91-860, eff.
3 6-22-00; 91-913, eff. 1-1-01; 92-12, eff. 7-1-01; 92-16, eff.
4 6-28-01; 92-651, eff. 7-11-02; 92-846, eff. 8-23-02.)

5 (35 ILCS 5/202.5 new)

6 Sec. 202.5. Net income attributable to the period prior
7 to July 1, 2003 and net income attributable to the period
8 after June 30, 2003.

9 (a) In general. With respect to the taxable year of a
10 taxpayer beginning prior to July 1, 2003 and ending after
11 June 30, 2003, net income for the period after June 30, 2003
12 shall be that amount which bears the same ratio to the
13 taxpayer's net income for the entire taxable year as the
14 number of days in such year after June 30, 2003 bears to the
15 total number of days in such year, and the net income for the
16 period prior to July 1, 2003 shall be that amount which bears
17 the same ratio to the taxpayer's net income for the entire
18 taxable year as the number of days in such year prior to July
19 1, 2003 bears to the total number of days in such year.

20 (b) Election to attribute income and deduction items
21 specifically to the respective portions of a taxable year
22 prior to July 1, 2003 and after June 30, 2003. In the case of
23 a taxpayer with a taxable year beginning prior to July 1,
24 2003 and ending after June 30, 2003, the taxpayer may elect,
25 in lieu of the procedure established in subsection (a) of
26 this Section, to determine net income on a specific
27 accounting basis for the 2 portions of his or her taxable
28 year:

29 (i) from the beginning of the taxable year through
30 June 30, 2003; and

31 (ii) from July 1, 2003 through the end of the
32 taxable year.

33 If the taxpayer elects specific accounting under this

1 subsection, there shall be taken into account in computing
 2 base income for each of the 2 portions of the taxable year
 3 only those items earned, received, paid, incurred, or accrued
 4 in each such period. The standard exemption provided by
 5 Section 204 shall be divided between the respective periods
 6 in amounts that bear the same ratio to the total exemption
 7 allowable under Section 204 (determined without regard to
 8 this Section) as the total number of days in each such period
 9 bears to the total number of days in the taxable year. The
 10 election provided by this subsection shall be made in such
 11 manner and at such time as the Department may by forms or
 12 regulations prescribe, but shall be made not later than the
 13 due date (including any extensions thereof) for the filing of
 14 the return for the taxable year, and shall be irrevocable.

15 (35 ILCS 5/804) (from Ch. 120, par. 8-804)

16 Sec. 804. Failure to Pay Estimated Tax.

17 (a) In general. In case of any underpayment of estimated
 18 tax by a taxpayer, except as provided in subsection (d) or
 19 (e), the taxpayer shall be liable to a penalty in an amount
 20 determined at the rate prescribed by Section 3-3 of the
 21 Uniform Penalty and Interest Act upon the amount of the
 22 underpayment (determined under subsection (b)) for each
 23 required installment.

24 (b) Amount of underpayment. For purposes of subsection
 25 (a), the amount of the underpayment shall be the excess of:

26 (1) the amount of the installment which would be
 27 required to be paid under subsection (c), over

28 (2) the amount, if any, of the installment paid on
 29 or before the last date prescribed for payment.

30 (c) Amount of Required Installments.

31 (1) Amount.

32 (A) In General. Except as provided in
 33 paragraph (2), the amount of any required

1 installment shall be 25% of the required annual
2 payment.

3 (B) Required Annual Payment. For purposes of
4 subparagraph (A), the term "required annual payment"
5 means the lesser of

6 (i) 90% of the tax shown on the return
7 for the taxable year, or if no return is filed,
8 90% of the tax for such year, or

9 (ii) 100% of the tax shown on the return
10 of the taxpayer for the preceding taxable year
11 if a return showing a liability for tax was
12 filed by the taxpayer for the preceding taxable
13 year and such preceding year was a taxable year
14 of 12 months.

15 (2) Lower Required Installment where Annualized
16 Income Installment is Less Than Amount Determined Under
17 Paragraph (1).

18 (A) In General. In the case of any required
19 installment if a taxpayer establishes that the
20 annualized income installment is less than the
21 amount determined under paragraph (1),

22 (i) the amount of such required
23 installment shall be the annualized income
24 installment, and

25 (ii) any reduction in a required
26 installment resulting from the application of
27 this subparagraph shall be recaptured by
28 increasing the amount of the next required
29 installment determined under paragraph (1) by
30 the amount of such reduction, and by increasing
31 subsequent required installments to the extent
32 that the reduction has not previously been
33 recaptured under this clause.

34 (B) Determination of Annualized Income

1 Installment. In the case of any required
2 installment, the annualized income installment is
3 the excess, if any, of

4 (i) an amount equal to the applicable
5 percentage of the tax for the taxable year
6 computed by placing on an annualized basis the
7 net income for months in the taxable year
8 ending before the due date for the installment,
9 over

10 (ii) the aggregate amount of any prior
11 required installments for the taxable year.

12 (C) Applicable Percentage.

13 In the case of the following The applicable
14 required installments: percentage is:

15	1st	22.5%
16	2nd	45%
17	3rd	67.5%
18	4th	90%

19 (D) Annualized Net Income; Individuals. For
20 individuals, net income shall be placed on an
21 annualized basis by:

22 (i) multiplying by 12, or in the case of
23 a taxable year of less than 12 months, by the
24 number of months in the taxable year, the net
25 income computed without regard to the standard
26 exemption for the months in the taxable year
27 ending before the month in which the
28 installment is required to be paid;

29 (ii) dividing the resulting amount by the
30 number of months in the taxable year ending
31 before the month in which such installment date
32 falls; and

33 (iii) deducting from such amount the
34 standard exemption allowable for the taxable

1 year, such standard exemption being determined
2 as of the last date prescribed for payment of
3 the installment.

4 (E) Annualized Net Income; Corporations. For
5 corporations, net income shall be placed on an
6 annualized basis by multiplying by 12 the taxable
7 income

8 (i) for the first 3 months of the taxable
9 year, in the case of the installment required
10 to be paid in the 4th month,

11 (ii) for the first 3 months or for the
12 first 5 months of the taxable year, in the case
13 of the installment required to be paid in the
14 6th month,

15 (iii) for the first 6 months or for the
16 first 8 months of the taxable year, in the case
17 of the installment required to be paid in the
18 9th month, and

19 (iv) for the first 9 months or for the
20 first 11 months of the taxable year, in the
21 case of the installment required to be paid in
22 the 12th month of the taxable year,

23 then dividing the resulting amount by the number of
24 months in the taxable year (3, 5, 6, 8, 9, or 11 as
25 the case may be).

26 (d) Exceptions. Notwithstanding the provisions of the
27 preceding subsections, the penalty imposed by subsection (a)
28 shall not be imposed if the taxpayer was not required to file
29 an Illinois income tax return for the preceding taxable year,
30 or if the taxpayer has underpaid taxes solely because of the
31 increased rate in effect during the period from July 1, 2003
32 through December 31, 2003, or, for individuals, if the
33 taxpayer had no tax liability for the preceding taxable year
34 and such year was a taxable year of 12 months. The penalty

1 imposed by subsection (a) shall also not be imposed on any
2 underpayments of estimated tax due before the effective date
3 of this amendatory Act of 1998 which underpayments are solely
4 attributable to the change in apportionment from subsection
5 (a) to subsection (h) of Section 304. The provisions of this
6 amendatory Act of 1998 apply to tax years ending on or after
7 December 31, 1998.

8 (e) The penalty imposed for underpayment of estimated
9 tax by subsection (a) of this Section shall not be imposed to
10 the extent that the Department or his designate determines,
11 pursuant to Section 3-8 of the Uniform Penalty and Interest
12 Act that the penalty should not be imposed.

13 (f) Definition of tax. For purposes of subsections (b)
14 and (c), the term "tax" means the excess of the tax imposed
15 under Article 2 of this Act, over the amounts credited
16 against such tax under Sections 601(b) (3) and (4).

17 (g) Application of Section in case of tax withheld on
18 compensation. For purposes of applying this Section in the
19 case of an individual, tax withheld under Article 7 for the
20 taxable year shall be deemed a payment of estimated tax, and
21 an equal part of such amount shall be deemed paid on each
22 installment date for such taxable year, unless the taxpayer
23 establishes the dates on which all amounts were actually
24 withheld, in which case the amounts so withheld shall be
25 deemed payments of estimated tax on the dates on which such
26 amounts were actually withheld.

27 (g-5) Amounts withheld under the State Salary and
28 Annuity Withholding Act. An individual who has amounts
29 withheld under paragraph (10) of Section 4 of the State
30 Salary and Annuity Withholding Act may elect to have those
31 amounts treated as payments of estimated tax made on the
32 dates on which those amounts are actually withheld.

33 (i) Short taxable year. The application of this Section
34 to taxable years of less than 12 months shall be in

1 accordance with regulations prescribed by the Department.

2 The changes in this Section made by Public Act 84-127
3 shall apply to taxable years ending on or after January 1,
4 1986.

5 (Source: P.A. 90-448, eff. 8-16-97; 90-613, eff. 7-9-98.)

6 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

7 Sec. 901. Collection Authority.

8 (a) In general.

9 The Department shall collect the taxes imposed by this
10 Act. The Department shall collect certified past due child
11 support amounts under Section 2505-650 of the Department of
12 Revenue Law (20 ILCS 2505/2505-650). Except as provided in
13 subsections (c) and (e) of this Section, money collected
14 pursuant to subsections (a) and (b) of Section 201 of this
15 Act shall be paid into the General Revenue Fund in the State
16 treasury; money collected pursuant to subsections (c) and (d)
17 of Section 201 of this Act shall be paid into the Personal
18 Property Tax Replacement Fund, a special fund in the State
19 Treasury; and money collected under Section 2505-650 of the
20 Department of Revenue Law (20 ILCS 2505/2505-650) shall be
21 paid into the Child Support Enforcement Trust Fund, a special
22 fund outside the State Treasury, or to the State Disbursement
23 Unit established under Section 10-26 of the Illinois Public
24 Aid Code, as directed by the Department of Public Aid.

25 (b) Local Governmental Distributive Fund.

26 Beginning August 1, 1969, and continuing through June 30,
27 1994, the Treasurer shall transfer each month from the
28 General Revenue Fund to a special fund in the State treasury,
29 to be known as the "Local Government Distributive Fund", an
30 amount equal to 1/12 of the net revenue realized from the tax
31 imposed by subsections (a) and (b) of Section 201 of this Act
32 during the preceding month. Beginning July 1, 1994, and
33 continuing through June 30, 1995, the Treasurer shall

1 transfer each month from the General Revenue Fund to the
2 Local Government Distributive Fund an amount equal to 1/11 of
3 the net revenue realized from the tax imposed by subsections
4 (a) and (b) of Section 201 of this Act during the preceding
5 month. Beginning July 1, 1995, the Treasurer shall transfer
6 each month from the General Revenue Fund to the Local
7 Government Distributive Fund an amount equal to 1/10 of the
8 net revenue realized from the tax imposed by subsections (a)
9 and (b) of Section 201 of the Illinois Income Tax Act during
10 the preceding month. Net revenue realized for a month shall
11 be defined as the revenue from the tax imposed by subsections
12 (a) and (b) of Section 201 of this Act which is deposited in
13 the General Revenue Fund, the Educational Assistance Fund and
14 the Income Tax Surcharge Local Government Distributive Fund
15 during the month (but not including revenue attributable to
16 the increase in tax rates imposed under this amendatory Act
17 of the 93rd General Assembly) minus the amount paid out of
18 the General Revenue Fund in State warrants during that same
19 month as refunds to taxpayers for overpayment of liability
20 under the tax imposed by subsections (a) and (b) of Section
21 201 of this Act.

22 (c) Deposits Into Income Tax Refund Fund.

23 (1) Beginning on January 1, 1989 and thereafter,
24 the Department shall deposit a percentage of the amounts
25 collected pursuant to subsections (a) and (b)(1), (2),
26 and (3), (4), and (5) of Section 201 of this Act into a
27 fund in the State treasury known as the Income Tax Refund
28 Fund. The Department shall deposit 6% of such amounts
29 during the period beginning January 1, 1989 and ending on
30 June 30, 1989. Beginning with State fiscal year 1990 and
31 for each fiscal year thereafter, the percentage deposited
32 into the Income Tax Refund Fund during a fiscal year
33 shall be the Annual Percentage. For fiscal years 1999
34 through 2001, the Annual Percentage shall be 7.1%. For

1 fiscal year 2003, the Annual Percentage shall be 8%. For
2 all other fiscal years, the Annual Percentage shall be
3 calculated as a fraction, the numerator of which shall be
4 the amount of refunds approved for payment by the
5 Department during the preceding fiscal year as a result
6 of overpayment of tax liability under subsections (a) and
7 (b)(1), (2), and (3), (4), and (5) of Section 201 of this
8 Act plus the amount of such refunds remaining approved
9 but unpaid at the end of the preceding fiscal year, minus
10 the amounts transferred into the Income Tax Refund Fund
11 from the Tobacco Settlement Recovery Fund, and the
12 denominator of which shall be the amounts which will be
13 collected pursuant to subsections (a) and (b)(1), (2),
14 and (3), (4), and (5) of Section 201 of this Act during
15 the preceding fiscal year; except that in State fiscal
16 year 2002, the Annual Percentage shall in no event exceed
17 7.6%. The Director of Revenue shall certify the Annual
18 Percentage to the Comptroller on the last business day of
19 the fiscal year immediately preceding the fiscal year for
20 which it is to be effective.

21 (2) Beginning on January 1, 1989 and thereafter,
22 the Department shall deposit a percentage of the amounts
23 collected pursuant to subsections (a) and (b)(6), (7),
24 and (8), (9), and (10), (c) and (d) of Section 201 of
25 this Act into a fund in the State treasury known as the
26 Income Tax Refund Fund. The Department shall deposit 18%
27 of such amounts during the period beginning January 1,
28 1989 and ending on June 30, 1989. Beginning with State
29 fiscal year 1990 and for each fiscal year thereafter, the
30 percentage deposited into the Income Tax Refund Fund
31 during a fiscal year shall be the Annual Percentage. For
32 fiscal years 1999, 2000, and 2001, the Annual Percentage
33 shall be 19%. For fiscal year 2003, the Annual Percentage
34 shall be 27%. For all other fiscal years, the Annual

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

18 (3) The Comptroller shall order transferred and the
19 Treasurer shall transfer from the Tobacco Settlement
20 Recovery Fund to the Income Tax Refund Fund (i)
21 \$35,000,000 in January, 2001, (ii) \$35,000,000 in
22 January, 2002, and (iii) \$35,000,000 in January, 2003.

23 (d) Expenditures from Income Tax Refund Fund.

24 (1) Beginning January 1, 1989, money in the Income
25 Tax Refund Fund shall be expended exclusively for the
26 purpose of paying refunds resulting from overpayment of
27 tax liability under Section 201 of this Act, for paying
28 rebates under Section 208.1 in the event that the amounts
29 in the Homeowners' Tax Relief Fund are insufficient for
30 that purpose, and for making transfers pursuant to this
31 subsection (d).

32 (2) The Director shall order payment of refunds
33 resulting from overpayment of tax liability under Section
34 201 of this Act from the Income Tax Refund Fund only to

1 the extent that amounts collected pursuant to Section 201
2 of this Act and transfers pursuant to this subsection (d)
3 and item (3) of subsection (c) have been deposited and
4 retained in the Fund.

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

17 (4) As soon as possible after the end of each
18 fiscal year, the Director shall order transferred and the
19 State Treasurer and State Comptroller shall transfer from
20 the Personal Property Tax Replacement Fund to the Income
21 Tax Refund Fund an amount, certified by the Director to
22 the Comptroller, equal to the excess of the amount of
23 refunds resulting from overpayment of tax liability under
24 subsections (c) and (d) of Section 201 of this Act paid
25 from the Income Tax Refund Fund during the fiscal year
26 over the amount collected pursuant to subsections (c) and
27 (d) of Section 201 of this Act deposited into the Income
28 Tax Refund Fund during the fiscal year.

29 (4.5) As soon as possible after the end of fiscal
30 year 1999 and of each fiscal year thereafter, the
31 Director shall order transferred and the State Treasurer
32 and State Comptroller shall transfer from the Income Tax
33 Refund Fund to the General Revenue Fund any surplus
34 remaining in the Income Tax Refund Fund as of the end of

1 such fiscal year; excluding for fiscal years 2000, 2001,
2 and 2002 amounts attributable to transfers under item (3)
3 of subsection (c) less refunds resulting from the earned
4 income tax credit.

5 (5) This Act shall constitute an irrevocable and
6 continuing appropriation from the Income Tax Refund Fund
7 for the purpose of paying refunds upon the order of the
8 Director in accordance with the provisions of this
9 Section.

10 (e) Deposits into the Education Assistance Fund and the
11 Income Tax Surcharge Local Government Distributive Fund.

12 On July 1, 1991, and thereafter, of the amounts collected
13 pursuant to subsections (a) and (b) of Section 201 of this
14 Act, minus deposits into the Income Tax Refund Fund, the
15 Department shall deposit 7.3% into the Education Assistance
16 Fund in the State Treasury. Beginning July 1, 1991, and
17 continuing through January 31, 1993, of the amounts collected
18 pursuant to subsections (a) and (b) of Section 201 of the
19 Illinois Income Tax Act, minus deposits into the Income Tax
20 Refund Fund, the Department shall deposit 3.0% into the
21 Income Tax Surcharge Local Government Distributive Fund in
22 the State Treasury. Beginning February 1, 1993 and
23 continuing through June 30, 1993, of the amounts collected
24 pursuant to subsections (a) and (b) of Section 201 of the
25 Illinois Income Tax Act, minus deposits into the Income Tax
26 Refund Fund, the Department shall deposit 4.4% into the
27 Income Tax Surcharge Local Government Distributive Fund in
28 the State Treasury. Beginning July 1, 1993, and continuing
29 through June 30, 1994, of the amounts collected under
30 subsections (a) and (b) of Section 201 of this Act, minus
31 deposits into the Income Tax Refund Fund, the Department
32 shall deposit 1.475% into the Income Tax Surcharge Local
33 Government Distributive Fund in the State Treasury.

34 (f) Deposits into the School District Property Tax

1 Relief Fund and Common School Fund. Of the amounts collected
 2 pursuant to subsections (a), (b)(4)(ii), (b)(5), (b)(9)(ii),
 3 and (b)(10) of Section 201 of this Act, minus deposits into
 4 the Income Tax Refund Fund, the Department shall deposit
 5 two-thirds of the increase in revenue attributable to the
 6 increase in tax rates imposed under this amendatory Act of
 7 the 93rd General Assembly into the School District Property
 8 Tax Relief Fund and one-third of the increase in revenue
 9 attributable to the increase in tax rates imposed under this
 10 amendatory Act of the 93rd General Assembly into the Common
 11 School Fund.

12 (Source: P.A. 91-212, eff. 7-20-99; 91-239, eff. 1-1-00;
 13 91-700, eff. 5-11-00; 91-704, eff. 7-1-00; 91-712, eff.
 14 7-1-00; 92-11, eff. 6-11-01; 92-16, eff. 6-28-01; 92-600,
 15 eff. 6-28-02.)

16 Section 15-15. The Property Tax Code is amended by
 17 changing Sections 18-255, 20-15, and 21-30 and by adding
 18 Section 18-178 as follows:

19 (35 ILCS 200/18-178 new)

20 Sec. 18-178. Educational purposes tax abatement.
 21 Beginning with taxes levied for 2003 (payable in 2004), the
 22 county clerk must determine the final extension for
 23 educational purposes for all taxable property in a school
 24 district located in the county or for the taxable property of
 25 that part of a school district located in the county, taking
 26 into account the maximum rate, levy, and extension authorized
 27 under the Property Tax Extension Limitation Law, the Truth in
 28 Taxation Law, and any other statute. The county clerk must
 29 then abate the extension for educational purposes for each
 30 school district or part of a school district in the county in
 31 the amount of the school district property tax relief grant
 32 certified to the county clerk for that school district or

1 part of a school district by the Department of Revenue under
2 Section 6z-59 of the State Finance Act. When the final
3 extension for educational purposes has been determined and
4 abated, the county clerk must notify the Department of
5 Revenue.

6 The county clerk must determine the reduced amount of the
7 tax for educational purposes to be billed by the county
8 collector and paid by each taxpayer in a given school
9 district by re-calculating the tax rate for educational
10 purposes for that school district based on the reduced
11 extension amount after abatement. This reduced extension
12 amount shall be used only for determining the amount of the
13 tax bill. The extension amount for educational purposes as
14 originally calculated before abatement is the official final
15 extension for educational purposes and must be used for all
16 other purposes, including determining the maximum rate, levy,
17 and extension authorized under the Property Tax Extension
18 Limitation Law, the Truth in Taxation Law, and any other
19 statute and the maximum amount of tax anticipation warrants
20 under Section 17-16 of the School Code.

21 (35 ILCS 200/18-255)

22 Sec. 18-255. Abstract of assessments and extensions.
23 When the collector's books are completed, the county clerk
24 shall make a complete statement of the assessment and
25 extensions, in conformity to the instructions of the
26 Department. The clerk shall certify the statement to the
27 Department. Beginning with the 2003 levy year, the Department
28 shall require the statement to include a separate listing of
29 the extensions subject to abatement under Section 18-178.

30 (Source: Laws 1943, vol. 1, p. 1136; P.A. 88-455.)

31 (35 ILCS 200/20-15)

32 Sec. 20-15. Information on bill or separate statement.

1 The amount of tax due and rates shown on the tax bill
 2 pursuant to this Section shall be net of any abatement under
 3 Section 18-178. There shall be printed on each bill, or on a
 4 separate slip which shall be mailed with the bill:

5 (a) a statement itemizing the rate at which taxes
 6 have been extended for each of the taxing districts in
 7 the county in whose district the property is located, and
 8 in those counties utilizing electronic data processing
 9 equipment the dollar amount of tax due from the person
 10 assessed allocable to each of those taxing districts,
 11 including a separate statement of the dollar amount of
 12 tax due which is allocable to a tax levied under the
 13 Illinois Local Library Act or to any other tax levied by
 14 a municipality or township for public library purposes,

15 (b) a separate statement for each of the taxing
 16 districts of the dollar amount of tax due which is
 17 allocable to a tax levied under the Illinois Pension Code
 18 or to any other tax levied by a municipality or township
 19 for public pension or retirement purposes,

20 (c) the total tax rate,

21 (d) the total amount of tax due, and

22 (e) the amount by which the total tax and the tax
 23 allocable to each taxing district differs from the
 24 taxpayer's last prior tax bill, and

25 (f) the amount of tax abated under Section 18-178
 26 labeled "Your School Tax Refund".

27 The county treasurer shall ensure that only those taxing
 28 districts in which a parcel of property is located shall be
 29 listed on the bill for that property.

30 In all counties the statement shall also provide:

31 (1) the property index number or other suitable
 32 description,

33 (2) the assessment of the property,

34 (3) the equalization factors imposed by the county

1 and by the Department, and

2 (4) the equalized assessment resulting from the
3 application of the equalization factors to the basic
4 assessment.

5 In all counties which do not classify property for
6 purposes of taxation, for property on which a single family
7 residence is situated the statement shall also include a
8 statement to reflect the fair cash value determined for the
9 property. In all counties which classify property for
10 purposes of taxation in accordance with Section 4 of Article
11 IX of the Illinois Constitution, for parcels of residential
12 property in the lowest assessment classification the
13 statement shall also include a statement to reflect the fair
14 cash value determined for the property.

15 In all counties, the statement shall include information
16 that certain taxpayers may be eligible for the Senior
17 Citizens and Disabled Persons Property Tax Relief and
18 Pharmaceutical Assistance Act and that applications are
19 available from the Illinois Department of Revenue.

20 In counties which use the estimated or accelerated
21 billing methods, these statements shall only be provided with
22 the final installment of taxes due, except that the statement
23 under item (f) shall be included with both installments in
24 those counties under estimated or accelerated billing
25 methods, the first billing showing the amount deducted from
26 the first installment, and the final billing showing the
27 total tax abated for the levy year under Section 18-178. The
28 provisions of this Section create a mandatory statutory duty.
29 They are not merely directory or discretionary. The failure
30 or neglect of the collector to mail the bill, or the failure
31 of the taxpayer to receive the bill, shall not affect the
32 validity of any tax, or the liability for the payment of any
33 tax.

34 (Source: P.A. 91-699, eff. 1-1-01.)

1 (35 ILCS 200/21-30)

2 Sec. 21-30. Accelerated billing. Except as provided in
3 this Section and Section 21-40, in counties with 3,000,000 or
4 more inhabitants, by January 31 annually, estimated tax bills
5 setting out the first installment of property taxes for the
6 preceding year, payable in that year, shall be prepared and
7 mailed. The first installment of taxes on the estimated tax
8 bills shall be computed at 50% of the total of each tax bill
9 before the abatement of taxes under Section 18-178 for the
10 preceding year, less an estimate of one half of the school
11 district property tax relief grant for the current year
12 determined based on information provided by the Department of
13 Revenue and any other information available. If, prior to
14 the preparation of the estimated tax bills, a certificate of
15 error has been either approved by a court on or before
16 November 30 of the preceding year or certified pursuant to
17 Section 14-15 on or before November 30 of the preceding year,
18 then the first installment of taxes on the estimated tax
19 bills shall be computed at 50% of the total taxes before the
20 abatement of taxes under Section 18-178 for the preceding
21 year as corrected by the certificate of error, less an
22 estimate of one half of the school district property tax
23 relief grant for the current year determined based on
24 information provided by the Department of Revenue and any
25 other information available. By June 30 annually, actual tax
26 bills shall be prepared and mailed. These bills shall set out
27 total taxes due and the amount of estimated taxes billed in
28 the first installment, and shall state the balance of taxes
29 due for that year as represented by the sum derived from
30 subtracting the amount of the first installment from the
31 total taxes due for that year.

32 The county board may provide by ordinance, in counties
33 with 3,000,000 or more inhabitants, for taxes to be paid in 4
34 installments. For the levy year for which the ordinance is

1 first effective and each subsequent year, estimated tax bills
2 setting out the first, second, and third installment of taxes
3 for the preceding year, payable in that year, shall be
4 prepared and mailed not later than the date specified by
5 ordinance. Each installment on estimated tax bills shall be
6 computed at 25% of the total of each tax bill for the
7 preceding year. By the date specified in the ordinance,
8 actual tax bills shall be prepared and mailed. These bills
9 shall set out total taxes due and the amount of estimated
10 taxes billed in the first, second, and third installments and
11 shall state the balance of taxes due for that year as
12 represented by the sum derived from subtracting the amount of
13 the estimated installments from the total taxes due for that
14 year.

15 The county board of any county with less than 3,000,000
16 inhabitants may, by ordinance or resolution, adopt an
17 accelerated method of tax billing. The county board may
18 subsequently rescind the ordinance or resolution and revert
19 to the method otherwise provided for in this Code.

20 Taxes levied on homestead property in which a member of
21 the National Guard or reserves of the armed forces of the
22 United States who was called to active duty on or after
23 August 1, 1990, and who has an ownership interest shall not
24 be deemed delinquent and no interest shall accrue or be
25 charged as a penalty on such taxes due and payable in 1991 or
26 1992 until one year after that member returns to civilian
27 status.

28 (Source: P.A. 92-475, eff. 8-23-01.)

29 ARTICLE 99

30 Section 99-99. Effective date. This Act takes effect on
31 July 1, 2003.