



## 94TH GENERAL ASSEMBLY

### State of Illinois

2005 and 2006

HB3419

Introduced 2/22/2005, by Rep. Robert S. Molaro

#### SYNOPSIS AS INTRODUCED:

15 ILCS 505/16.5  
35 ILCS 5/203

from Ch. 120, par. 2-203

Amends the State Treasurer Act. Removes the requirement that the State Treasurer adjust each account at least annually to ensure compliance with the requirements of the College Savings Pool. Provides that the Treasurer shall limit the contributions that may be made on behalf of a designated College Savings Pool beneficiary based on the limitations established by the Internal Revenue Service (now, based on an actuarial estimate of what is required to pay tuition, fees, and room and board for 5 undergraduate years at the highest cost eligible educational institution). Amends the Illinois Income Tax Act. Provides that for taxable years beginning on or after January 1, 2006, distributions from certain qualified tuition programs under the Internal Revenue Code that are administered by other states are exempt from the requirement that a distribution from an Internal Revenue Code qualified tuition program be included when determining adjusted gross income for purposes of determining base income. Makes other changes. Effective immediately.

LRB094 06116 BDD 36180 b

FISCAL NOTE ACT  
MAY APPLY

1 AN ACT concerning college savings.

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

4 Section 5. The State Treasurer Act is amended by changing  
5 Section 16.5 as follows:

6 (15 ILCS 505/16.5)

7 Sec. 16.5. College Savings Pool. The State Treasurer may  
8 establish and administer a College Savings Pool to supplement  
9 and enhance the investment opportunities otherwise available  
10 to persons seeking to finance the costs of higher education.  
11 The State Treasurer, in administering the College Savings Pool,  
12 may receive moneys paid into the pool by a participant and may  
13 serve as the fiscal agent of that participant for the purpose  
14 of holding and investing those moneys.

15 "Participant", as used in this Section, means any person  
16 who makes investments in the pool. "Designated beneficiary", as  
17 used in this Section, means any person on whose behalf an  
18 account is established in the College Savings Pool by a  
19 participant. Both in-state and out-of-state persons may be  
20 participants and designated beneficiaries in the College  
21 Savings Pool.

22 New accounts in the College Savings Pool may ~~shall~~ be  
23 processed through participating financial institutions.

24 "Participating financial institution", as used in this  
25 Section, means any financial institution insured by the Federal  
26 Deposit Insurance Corporation and lawfully doing business in  
27 the State of Illinois and any credit union approved by the  
28 State Treasurer and lawfully doing business in the State of  
29 Illinois that agrees to process new accounts in the College  
30 Savings Pool. Participating financial institutions may charge  
31 a processing fee to participants to open an account in the pool  
32 that shall not exceed \$30 until the year 2001. Beginning in

1 2001 and every year thereafter, the maximum fee limit shall be  
2 adjusted by the Treasurer based on the Consumer Price Index for  
3 the North Central Region as published by the United States  
4 Department of Labor, Bureau of Labor Statistics for the  
5 immediately preceding calendar year. Every contribution  
6 received by a financial institution for investment in the  
7 College Savings Pool shall be transferred from the financial  
8 institution to a location selected by the State Treasurer  
9 within one business day following the day that the funds must  
10 be made available in accordance with federal law. All  
11 communications from the State Treasurer to participants shall  
12 reference the participating financial institution at which the  
13 account was processed.

14 The Treasurer may invest the moneys in the College Savings  
15 Pool in the same manner, in the same types of investments, and  
16 subject to the same limitations provided for the investment of  
17 moneys by the Illinois State Board of Investment. To enhance  
18 the safety and liquidity of the College Savings Pool, to ensure  
19 the diversification of the investment portfolio of the pool,  
20 and in an effort to keep investment dollars in the State of  
21 Illinois, the State Treasurer may ~~shall~~ make a percentage of  
22 each account available for investment in participating  
23 financial institutions doing business in the State. The State  
24 Treasurer may ~~shall~~ deposit with the participating financial  
25 institution at which the account was processed the following  
26 percentage of each account at a prevailing rate offered by the  
27 institution, provided that the deposit is federally insured or  
28 fully collateralized and the institution accepts the deposit:  
29 10% of the total amount of each account for which the current  
30 age of the beneficiary is less than 7 years of age, 20% of the  
31 total amount of each account for which the beneficiary is at  
32 least 7 years of age and less than 12 years of age, and 50% of  
33 the total amount of each account for which the current age of  
34 the beneficiary is at least 12 years of age. ~~The State~~  
35 ~~Treasurer shall adjust each account at least annually to ensure~~  
36 ~~compliance with this Section.~~ The Treasurer shall develop,

1 publish, and implement an investment policy covering the  
2 investment of the moneys in the College Savings Pool. The  
3 policy shall be published (i) at least once each year in at  
4 least one newspaper of general circulation in both Springfield  
5 and Chicago and (ii) each year as part of the audit of the  
6 College Savings Pool by the Auditor General, which shall be  
7 distributed to all participants. The Treasurer shall notify all  
8 participants in writing, and the Treasurer shall publish in a  
9 newspaper of general circulation in both Chicago and  
10 Springfield, any changes to the previously published  
11 investment policy at least 30 calendar days before implementing  
12 the policy. Any investment policy adopted by the Treasurer  
13 shall be reviewed and updated if necessary within 90 days  
14 following the date that the State Treasurer takes office.

15 Participants shall be required to use moneys distributed  
16 from the College Savings Pool for qualified expenses at  
17 eligible educational institutions. "Qualified expenses", as  
18 used in this Section, means the following: (i) tuition, fees,  
19 and the costs of books, supplies, and equipment required for  
20 enrollment or attendance at an eligible educational  
21 institution and (ii) certain room and board expenses incurred  
22 while attending an eligible educational institution at least  
23 half-time. "Eligible educational institutions", as used in  
24 this Section, means public and private colleges, junior  
25 colleges, graduate schools, and certain vocational  
26 institutions that are described in Section 481 of the Higher  
27 Education Act of 1965 (20 U.S.C. 1088) and that are eligible to  
28 participate in Department of Education student aid programs. A  
29 student shall be considered to be enrolled at least half-time  
30 if the student is enrolled for at least half the full-time  
31 academic work load for the course of study the student is  
32 pursuing as determined under the standards of the institution  
33 at which the student is enrolled. Distributions made from the  
34 pool for qualified expenses shall be made directly to the  
35 eligible educational institution, directly to a vendor, or in  
36 the form of a check payable to both the beneficiary and the

1 institution or vendor. Any moneys that are distributed in any  
2 other manner or that are used for expenses other than qualified  
3 expenses at an eligible educational institution shall be  
4 subject to a penalty of 10% of the earnings unless the  
5 beneficiary dies, becomes disabled, or receives a scholarship  
6 that equals or exceeds the distribution. Penalties shall be  
7 withheld at the time the distribution is made.

8 The Treasurer shall limit the contributions that may be  
9 made on behalf of a designated beneficiary based on the  
10 limitations established by the Internal Revenue Service. ~~an~~  
11 ~~actuarial estimate of what is required to pay tuition, fees,~~  
12 ~~and room and board for 5 undergraduate years at the highest~~  
13 ~~cost eligible educational institution.~~ The contributions made  
14 on behalf of a beneficiary who is also a beneficiary under the  
15 Illinois Prepaid Tuition Program shall be further restricted to  
16 ensure that the contributions in both programs combined do not  
17 exceed the limit established for the College Savings Pool. The  
18 Treasurer shall provide the Illinois Student Assistance  
19 Commission each year at a time designated by the Commission, an  
20 electronic report of all participant accounts in the  
21 Treasurer's College Savings Pool, listing total contributions  
22 and disbursements from each individual account during the  
23 previous calendar year. As soon thereafter as is possible  
24 following receipt of the Treasurer's report, the Illinois  
25 Student Assistance Commission shall, in turn, provide the  
26 Treasurer with an electronic report listing those College  
27 Savings Pool participants who also participate in the State's  
28 prepaid tuition program, administered by the Commission. The  
29 Commission shall be responsible for filing any combined tax  
30 reports regarding State qualified savings programs required by  
31 the United States Internal Revenue Service. The Treasurer shall  
32 work with the Illinois Student Assistance Commission to  
33 coordinate the marketing of the College Savings Pool and the  
34 Illinois Prepaid Tuition Program when considered beneficial by  
35 the Treasurer and the Director of the Illinois Student  
36 Assistance Commission. The Treasurer's office shall not

1 publicize or otherwise market the College Savings Pool or  
2 accept any moneys into the College Savings Pool prior to March  
3 1, 2000. The Treasurer shall provide a separate accounting for  
4 each designated beneficiary to each participant, the Illinois  
5 Student Assistance Commission, and the participating financial  
6 institution at which the account was processed. No interest in  
7 the program may be pledged as security for a loan.

8 The assets of the College Savings Pool and its income and  
9 operation shall be exempt from all taxation by the State of  
10 Illinois and any of its subdivisions. The accrued earnings on  
11 investments in the Pool once disbursed on behalf of a  
12 designated beneficiary shall be similarly exempt from all  
13 taxation by the State of Illinois and its subdivisions, so long  
14 as they are used for qualified expenses. Contributions to a  
15 College Savings Pool account during the taxable year may be  
16 deducted from adjusted gross income as provided in Section 203  
17 of the Illinois Income Tax Act. The provisions of this  
18 paragraph are exempt from Section 250 of the Illinois Income  
19 Tax Act.

20 The Treasurer shall adopt rules he or she considers  
21 necessary for the efficient administration of the College  
22 Savings Pool. The rules shall provide whatever additional  
23 parameters and restrictions are necessary to ensure that the  
24 College Savings Pool meets all of the requirements for a  
25 qualified state tuition program under Section 529 of the  
26 Internal Revenue Code (26 U.S.C. 529). The rules shall provide  
27 for the administration expenses of the pool to be paid from its  
28 earnings and for the investment earnings in excess of the  
29 expenses and all moneys collected as penalties to be credited  
30 or paid monthly to the several participants in the pool in a  
31 manner which equitably reflects the differing amounts of their  
32 respective investments in the pool and the differing periods of  
33 time for which those amounts were in the custody of the pool.  
34 Also, the rules shall require the maintenance of records that  
35 enable the Treasurer's office to produce a report for each  
36 account in the pool at least annually that documents the

1 account balance and investment earnings. Notice of any proposed  
2 amendments to the rules and regulations shall be provided to  
3 all participants prior to adoption. Amendments to rules and  
4 regulations shall apply only to contributions made after the  
5 adoption of the amendment.

6 Upon creating the College Savings Pool, the State Treasurer  
7 shall give bond with 2 or more sufficient sureties, payable to  
8 and for the benefit of the participants in the College Savings  
9 Pool, in the penal sum of \$1,000,000, conditioned upon the  
10 faithful discharge of his or her duties in relation to the  
11 College Savings Pool.

12 (Source: P.A. 92-16, eff. 6-28-01; 92-439, eff. 8-17-01;  
13 92-626, eff. 7-11-02; 93-812, eff. 1-1-05.)

14 Section 10. The Illinois Income Tax Act is amended by  
15 changing Section 203 as follows:

16 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

17 Sec. 203. Base income defined.

18 (a) Individuals.

19 (1) In general. In the case of an individual, base  
20 income means an amount equal to the taxpayer's adjusted  
21 gross income for the taxable year as modified by paragraph  
22 (2).

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

26 (A) An amount equal to all amounts paid or accrued  
27 to the taxpayer as interest or dividends during the  
28 taxable year to the extent excluded from gross income  
29 in the computation of adjusted gross income, except  
30 stock dividends of qualified public utilities  
31 described in Section 305(e) of the Internal Revenue  
32 Code;

33 (B) An amount equal to the amount of tax imposed by  
34 this Act to the extent deducted from gross income in

1 the computation of adjusted gross income for the  
2 taxable year;

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

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

19 (D-5) An amount, to the extent not included in  
20 adjusted gross income, equal to the amount of money  
21 withdrawn by the taxpayer in the taxable year from a  
22 medical care savings account and the interest earned on  
23 the account in the taxable year of a withdrawal  
24 pursuant to subsection (b) of Section 20 of the Medical  
25 Care Savings Account Act or subsection (b) of Section  
26 20 of the Medical Care Savings Account Act of 2000;

27 (D-10) For taxable years ending after December 31,  
28 1997, an amount equal to any eligible remediation costs  
29 that the individual deducted in computing adjusted  
30 gross income and for which the individual claims a  
31 credit under subsection (l) of Section 201;

32 (D-15) For taxable years 2001 and thereafter, an  
33 amount equal to the bonus depreciation deduction (30%  
34 of the adjusted basis of the qualified property) taken  
35 on the taxpayer's federal income tax return for the  
36 taxable year under subsection (k) of Section 168 of the



1 Internal Revenue Code;

2 (D-16) If the taxpayer reports a capital gain or  
3 loss on the taxpayer's federal income tax return for  
4 the taxable year based on a sale or transfer of  
5 property for which the taxpayer was required in any  
6 taxable year to make an addition modification under  
7 subparagraph (D-15), then an amount equal to the  
8 aggregate amount of the deductions taken in all taxable  
9 years under subparagraph (Z) with respect to that  
10 property.

11 The taxpayer is required to make the addition  
12 modification under this subparagraph only once with  
13 respect to any one piece of property;

14 (D-17) For taxable years ending on or after  
15 December 31, 2004, an amount equal to the amount  
16 otherwise allowed as a deduction in computing base  
17 income for interest paid, accrued, or incurred,  
18 directly or indirectly, to a foreign person who would  
19 be a member of the same unitary business group but for  
20 the fact that foreign person's business activity  
21 outside the United States is 80% or more of the foreign  
22 person's total business activity. The addition  
23 modification required by this subparagraph shall be  
24 reduced to the extent that dividends were included in  
25 base income of the unitary group for the same taxable  
26 year and received by the taxpayer or by a member of the  
27 taxpayer's unitary business group (including amounts  
28 included in gross income under Sections 951 through 964  
29 of the Internal Revenue Code and amounts included in  
30 gross income under Section 78 of the Internal Revenue  
31 Code) with respect to the stock of the same person to  
32 whom the interest was paid, accrued, or incurred.

33 This paragraph shall not apply to the following:

34 (i) an item of interest paid, accrued, or  
35 incurred, directly or indirectly, to a foreign  
36 person who is subject in a foreign country or

1 state, other than a state which requires mandatory  
2 unitary reporting, to a tax on or measured by net  
3 income with respect to such interest; or

4 (ii) an item of interest paid, accrued, or  
5 incurred, directly or indirectly, to a foreign  
6 person if the taxpayer can establish, based on a  
7 preponderance of the evidence, both of the  
8 following:

9 (a) the foreign person, during the same  
10 taxable year, paid, accrued, or incurred, the  
11 interest to a person that is not a related  
12 member, and

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

20 (iii) the taxpayer can establish, based on  
21 clear and convincing evidence, that the interest  
22 paid, accrued, or incurred relates to a contract or  
23 agreement entered into at arm's-length rates and  
24 terms and the principal purpose for the payment is  
25 not federal or Illinois tax avoidance; or

26 (iv) an item of interest paid, accrued, or  
27 incurred, directly or indirectly, to a foreign  
28 person if the taxpayer establishes by clear and  
29 convincing evidence that the adjustments are  
30 unreasonable; or if the taxpayer and the Director  
31 agree in writing to the application or use of an  
32 alternative method of apportionment under Section  
33 304(f).

34 Nothing in this subsection shall preclude the  
35 Director from making any other adjustment  
36 otherwise allowed under Section 404 of this Act for

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

7 (D-18) For taxable years ending on or after  
8 December 31, 2004, an amount equal to the amount of  
9 intangible expenses and costs otherwise allowed as a  
10 deduction in computing base income, and that were paid,  
11 accrued, or incurred, directly or indirectly, to a  
12 foreign person who would be a member of the same  
13 unitary business group but for the fact that the  
14 foreign person's business activity outside the United  
15 States is 80% or more of that person's total business  
16 activity. The addition modification required by this  
17 subparagraph shall be reduced to the extent that  
18 dividends were included in base income of the unitary  
19 group for the same taxable year and received by the  
20 taxpayer or by a member of the taxpayer's unitary  
21 business group (including amounts included in gross  
22 income under Sections 951 through 964 of the Internal  
23 Revenue Code and amounts included in gross income under  
24 Section 78 of the Internal Revenue Code) with respect  
25 to the stock of the same person to whom the intangible  
26 expenses and costs were directly or indirectly paid,  
27 incurred, or accrued. The preceding sentence does not  
28 apply to the extent that the same dividends caused a  
29 reduction to the addition modification required under  
30 Section 203(a)(2)(D-17) of this Act. As used in this  
31 subparagraph, the term "intangible expenses and costs"  
32 includes (1) expenses, losses, and costs for, or  
33 related to, the direct or indirect acquisition, use,  
34 maintenance or management, ownership, sale, exchange,  
35 or any other disposition of intangible property; (2)  
36 losses incurred, directly or indirectly, from

1 factoring transactions or discounting transactions;  
2 (3) royalty, patent, technical, and copyright fees;  
3 (4) licensing fees; and (5) other similar expenses and  
4 costs. For purposes of this subparagraph, "intangible  
5 property" includes patents, patent applications, trade  
6 names, trademarks, service marks, copyrights, mask  
7 works, trade secrets, and similar types of intangible  
8 assets.

9 This paragraph shall not apply to the following:

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

17 (ii) any item of intangible expense or cost  
18 paid, accrued, or incurred, directly or  
19 indirectly, if the taxpayer can establish, based  
20 on a preponderance of the evidence, both of the  
21 following:

22 (a) the foreign person during the same  
23 taxable year paid, accrued, or incurred, the  
24 intangible expense or cost to a person that is  
25 not a related member, and

26 (b) the transaction giving rise to the  
27 intangible expense or cost between the  
28 taxpayer and the foreign person did not have as  
29 a principal purpose the avoidance of Illinois  
30 income tax, and is paid pursuant to a contract  
31 or agreement that reflects arm's-length terms;  
32 or

33 (iii) any item of intangible expense or cost  
34 paid, accrued, or incurred, directly or  
35 indirectly, from a transaction with a foreign  
36 person if the taxpayer establishes by clear and

1 convincing evidence, that the adjustments are  
2 unreasonable; or if the taxpayer and the Director  
3 agree in writing to the application or use of an  
4 alternative method of apportionment under Section  
5 304(f);

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

15 (D-20) For taxable years beginning on or after  
16 January 1, 2002 and ending on or before December 31,  
17 2005, in the case of a distribution from a qualified  
18 tuition program under Section 529 of the Internal  
19 Revenue Code, other than (i) a distribution from a  
20 College Savings Pool created under Section 16.5 of the  
21 State Treasurer Act or (ii) a distribution from the  
22 Illinois Prepaid Tuition Trust Fund, an amount equal to  
23 the amount excluded from gross income under Section  
24 529(c) (3) (B). For taxable years beginning on or after  
25 January 1, 2006, in the case of a distribution from a  
26 qualified tuition program under Section 529 of the  
27 Internal Revenue Code, other than (i) a distribution  
28 from a College Savings Pool created under Section 16.5  
29 of the State Treasurer Act, (ii) a distribution from  
30 the Illinois Prepaid Tuition Trust Fund, or (iii) a  
31 distribution from a qualified tuition program under  
32 Section 529 of the Internal Revenue Code that is  
33 administered by a state that (I) does not permit a  
34 sales load exceeding the greater of 3.5% or the  
35 greatest sales load permitted by a qualified tuition  
36 program administered by the State and (II) has

1 disclosure practices that are no less extensive than  
2 those established by the State for the Illinois College  
3 Savings Pool, an amount equal to the amount excluded  
4 from gross income under Section 529(c)(3)(B);

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

7 (E) For taxable years ending before December 31,  
8 2001, any amount included in such total in respect of  
9 any compensation (including but not limited to any  
10 compensation paid or accrued to a serviceman while a  
11 prisoner of war or missing in action) paid to a  
12 resident by reason of being on active duty in the Armed  
13 Forces of the United States and in respect of any  
14 compensation paid or accrued to a resident who as a  
15 governmental employee was a prisoner of war or missing  
16 in action, and in respect of any compensation paid to a  
17 resident in 1971 or thereafter for annual training  
18 performed pursuant to Sections 502 and 503, Title 32,  
19 United States Code as a member of the Illinois National  
20 Guard. For taxable years ending on or after December  
21 31, 2001, any amount included in such total in respect  
22 of any compensation (including but not limited to any  
23 compensation paid or accrued to a serviceman while a  
24 prisoner of war or missing in action) paid to a  
25 resident by reason of being a member of any component  
26 of the Armed Forces of the United States and in respect  
27 of any compensation paid or accrued to a resident who  
28 as a governmental employee was a prisoner of war or  
29 missing in action, and in respect of any compensation  
30 paid to a resident in 2001 or thereafter by reason of  
31 being a member of the Illinois National Guard. The  
32 provisions of this amendatory Act of the 92nd General  
33 Assembly are exempt from the provisions of Section 250;

34 (F) An amount equal to all amounts included in such  
35 total pursuant to the provisions of Sections 402(a),  
36 402(c), 403(a), 403(b), 406(a), 407(a), and 408 of the

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

9 (G) The valuation limitation amount;

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

13 (I) An amount equal to all amounts included in such  
14 total pursuant to the provisions of Section 111 of the  
15 Internal Revenue Code as a recovery of items previously  
16 deducted from adjusted gross income in the computation  
17 of taxable income;

18 (J) An amount equal to those dividends included in  
19 such total which were paid by a corporation which  
20 conducts business operations in an Enterprise Zone or  
21 zones created under the Illinois Enterprise Zone Act,  
22 and conducts substantially all of its operations in an  
23 Enterprise Zone or zones;

24 (K) An amount equal to those dividends included in  
25 such total that were paid by a corporation that  
26 conducts business operations in a federally designated  
27 Foreign Trade Zone or Sub-Zone and that is designated a  
28 High Impact Business located in Illinois; provided  
29 that dividends eligible for the deduction provided in  
30 subparagraph (J) of paragraph (2) of this subsection  
31 shall not be eligible for the deduction provided under  
32 this subparagraph (K);

33 (L) For taxable years ending after December 31,  
34 1983, an amount equal to all social security benefits  
35 and railroad retirement benefits included in such  
36 total pursuant to Sections 72(r) and 86 of the Internal

1 Revenue Code;

2 (M) With the exception of any amounts subtracted  
3 under subparagraph (N), an amount equal to the sum of  
4 all amounts disallowed as deductions by (i) Sections  
5 171(a) (2), and 265(2) of the Internal Revenue Code of  
6 1954, as now or hereafter amended, and all amounts of  
7 expenses allocable to interest and disallowed as  
8 deductions by Section 265(1) of the Internal Revenue  
9 Code of 1954, as now or hereafter amended; and (ii) for  
10 taxable years ending on or after August 13, 1999,  
11 Sections 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of  
12 the Internal Revenue Code; the provisions of this  
13 subparagraph are exempt from the provisions of Section  
14 250;

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

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

27 (P) An amount equal to the amount of the deduction  
28 used to compute the federal income tax credit for  
29 restoration of substantial amounts held under claim of  
30 right for the taxable year pursuant to Section 1341 of  
31 the Internal Revenue Code of 1986;

32 (Q) An amount equal to any amounts included in such  
33 total, received by the taxpayer as an acceleration in  
34 the payment of life, endowment or annuity benefits in  
35 advance of the time they would otherwise be payable as  
36 an indemnity for a terminal illness;



1 (R) An amount equal to the amount of any federal or  
2 State bonus paid to veterans of the Persian Gulf War;

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

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

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

24 (V) Beginning with tax years ending on or after  
25 December 31, 1995 and ending with tax years ending on  
26 or before December 31, 2004, an amount equal to the  
27 amount paid by a taxpayer who is a self-employed  
28 taxpayer, a partner of a partnership, or a shareholder  
29 in a Subchapter S corporation for health insurance or  
30 long-term care insurance for that taxpayer or that  
31 taxpayer's spouse or dependents, to the extent that the  
32 amount paid for that health insurance or long-term care  
33 insurance may be deducted under Section 213 of the  
34 Internal Revenue Code of 1986, has not been deducted on  
35 the federal income tax return of the taxpayer, and does  
36 not exceed the taxable income attributable to that

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

15 (W) For taxable years beginning on or after January  
16 1, 1998, all amounts included in the taxpayer's federal  
17 gross income in the taxable year from amounts converted  
18 from a regular IRA to a Roth IRA. This paragraph is  
19 exempt from the provisions of Section 250;

20 (X) For taxable year 1999 and thereafter, an amount  
21 equal to the amount of any (i) distributions, to the  
22 extent includible in gross income for federal income  
23 tax purposes, made to the taxpayer because of his or  
24 her status as a victim of persecution for racial or  
25 religious reasons by Nazi Germany or any other Axis  
26 regime or as an heir of the victim and (ii) items of  
27 income, to the extent includible in gross income for  
28 federal income tax purposes, attributable to, derived  
29 from or in any way related to assets stolen from,  
30 hidden from, or otherwise lost to a victim of  
31 persecution for racial or religious reasons by Nazi  
32 Germany or any other Axis regime immediately prior to,  
33 during, and immediately after World War II, including,  
34 but not limited to, interest on the proceeds receivable  
35 as insurance under policies issued to a victim of  
36 persecution for racial or religious reasons by Nazi

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

17 (Y) For taxable years beginning on or after January  
18 1, 2002 and ending on or before December 31, 2004,  
19 moneys contributed in the taxable year to a College  
20 Savings Pool account under Section 16.5 of the State  
21 Treasurer Act, except that amounts excluded from gross  
22 income under Section 529(c)(3)(C)(i) of the Internal  
23 Revenue Code shall not be considered moneys  
24 contributed under this subparagraph (Y). For taxable  
25 years beginning on or after January 1, 2005, a maximum  
26 of \$10,000 contributed in the taxable year to (i) a  
27 College Savings Pool account under Section 16.5 of the  
28 State Treasurer Act or (ii) the Illinois Prepaid  
29 Tuition Trust Fund, except that amounts excluded from  
30 gross income under Section 529(c)(3)(C)(i) of the  
31 Internal Revenue Code shall not be considered moneys  
32 contributed under this subparagraph (Y). This  
33 subparagraph (Y) is exempt from the provisions of  
34 Section 250;

35 (Z) For taxable years 2001 and thereafter, for the  
36 taxable year in which the bonus depreciation deduction

1 (30% of the adjusted basis of the qualified property)  
2 is taken on the taxpayer's federal income tax return  
3 under subsection (k) of Section 168 of the Internal  
4 Revenue Code and for each applicable taxable year  
5 thereafter, an amount equal to "x", where:

6 (1) "y" equals the amount of the depreciation  
7 deduction taken for the taxable year on the  
8 taxpayer's federal income tax return on property  
9 for which the bonus depreciation deduction (30% of  
10 the adjusted basis of the qualified property) was  
11 taken in any year under subsection (k) of Section  
12 168 of the Internal Revenue Code, but not including  
13 the bonus depreciation deduction; and

14 (2) "x" equals "y" multiplied by 30 and then  
15 divided by 70 (or "y" multiplied by 0.429).

16 The aggregate amount deducted under this  
17 subparagraph in all taxable years for any one piece of  
18 property may not exceed the amount of the bonus  
19 depreciation deduction (30% of the adjusted basis of  
20 the qualified property) taken on that property on the  
21 taxpayer's federal income tax return under subsection  
22 (k) of Section 168 of the Internal Revenue Code;

23 (AA) If the taxpayer reports a capital gain or loss  
24 on the taxpayer's federal income tax return for the  
25 taxable year based on a sale or transfer of property  
26 for which the taxpayer was required in any taxable year  
27 to make an addition modification under subparagraph  
28 (D-15), then an amount equal to that addition  
29 modification.

30 The taxpayer is allowed to take the deduction under  
31 this subparagraph only once with respect to any one  
32 piece of property;

33 (BB) Any amount included in adjusted gross income,  
34 other than salary, received by a driver in a  
35 ridesharing arrangement using a motor vehicle;

36 (CC) The amount of (i) any interest income (net of

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

16 (DD) An amount equal to the interest income taken  
17 into account for the taxable year (net of the  
18 deductions allocable thereto) with respect to  
19 transactions with a foreign person who would be a  
20 member of the taxpayer's unitary business group but for  
21 the fact that the foreign person's business activity  
22 outside the United States is 80% or more of that  
23 person's total business activity, but not to exceed the  
24 addition modification required to be made for the same  
25 taxable year under Section 203(a)(2)(D-17) for  
26 interest paid, accrued, or incurred, directly or  
27 indirectly, to the same foreign person; and

28 (EE) An amount equal to the income from intangible  
29 property taken into account for the taxable year (net  
30 of the deductions allocable thereto) with respect to  
31 transactions with a foreign person who would be a  
32 member of the taxpayer's unitary business group but for  
33 the fact that the foreign person's business activity  
34 outside the United States is 80% or more of that  
35 person's total business activity, but not to exceed the  
36 addition modification required to be made for the same

1 taxable year under Section 203(a)(2)(D-18) for  
2 intangible expenses and costs paid, accrued, or  
3 incurred, directly or indirectly, to the same foreign  
4 person.

5 (b) Corporations.

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

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

12 (A) An amount equal to all amounts paid or accrued  
13 to the taxpayer as interest and all distributions  
14 received from regulated investment companies during  
15 the taxable year to the extent excluded from gross  
16 income in the computation of taxable income;

17 (B) An amount equal to the amount of tax imposed by  
18 this Act to the extent deducted from gross income in  
19 the computation of taxable income for the taxable year;

20 (C) In the case of a regulated investment company,  
21 an amount equal to the excess of (i) the net long-term  
22 capital gain for the taxable year, over (ii) the amount  
23 of the capital gain dividends designated as such in  
24 accordance with Section 852(b)(3)(C) of the Internal  
25 Revenue Code and any amount designated under Section  
26 852(b)(3)(D) of the Internal Revenue Code,  
27 attributable to the taxable year (this amendatory Act  
28 of 1995 (Public Act 89-89) is declarative of existing  
29 law and is not a new enactment);

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

34 (E) For taxable years in which a net operating loss  
35 carryback or carryforward from a taxable year ending

1 prior to December 31, 1986 is an element of taxable  
2 income under paragraph (1) of subsection (e) or  
3 subparagraph (E) of paragraph (2) of subsection (e),  
4 the amount by which addition modifications other than  
5 those provided by this subparagraph (E) exceeded  
6 subtraction modifications in such earlier taxable  
7 year, with the following limitations applied in the  
8 order that they are listed:

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

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

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

29 (E-5) For taxable years ending after December 31,  
30 1997, an amount equal to any eligible remediation costs  
31 that the corporation deducted in computing adjusted  
32 gross income and for which the corporation claims a  
33 credit under subsection (l) of Section 201;

34 (E-10) For taxable years 2001 and thereafter, an  
35 amount equal to the bonus depreciation deduction (30%  
36 of the adjusted basis of the qualified property) taken

1 on the taxpayer's federal income tax return for the  
2 taxable year under subsection (k) of Section 168 of the  
3 Internal Revenue Code; and

4 (E-11) If the taxpayer reports a capital gain or  
5 loss on the taxpayer's federal income tax return for  
6 the taxable year based on a sale or transfer of  
7 property for which the taxpayer was required in any  
8 taxable year to make an addition modification under  
9 subparagraph (E-10), then an amount equal to the  
10 aggregate amount of the deductions taken in all taxable  
11 years under subparagraph (T) with respect to that  
12 property.

13 The taxpayer is required to make the addition  
14 modification under this subparagraph only once with  
15 respect to any one piece of property;

16 (E-12) For taxable years ending on or after  
17 December 31, 2004, an amount equal to the amount  
18 otherwise allowed as a deduction in computing base  
19 income for interest paid, accrued, or incurred,  
20 directly or indirectly, to a foreign person who would  
21 be a member of the same unitary business group but for  
22 the fact the foreign person's business activity  
23 outside the United States is 80% or more of the foreign  
24 person's total business activity. The addition  
25 modification required by this subparagraph shall be  
26 reduced to the extent that dividends were included in  
27 base income of the unitary group for the same taxable  
28 year and received by the taxpayer or by a member of the  
29 taxpayer's unitary business group (including amounts  
30 included in gross income pursuant to Sections 951  
31 through 964 of the Internal Revenue Code and amounts  
32 included in gross income under Section 78 of the  
33 Internal Revenue Code) with respect to the stock of the  
34 same person to whom the interest was paid, accrued, or  
35 incurred.

36 This paragraph shall not apply to the following:



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

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

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

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

23 (iii) the taxpayer can establish, based on  
24 clear and convincing evidence, that the interest  
25 paid, accrued, or incurred relates to a contract or  
26 agreement entered into at arm's-length rates and  
27 terms and the principal purpose for the payment is  
28 not federal or Illinois tax avoidance; or

29 (iv) an item of interest paid, accrued, or  
30 incurred, directly or indirectly, to a foreign  
31 person if the taxpayer establishes by clear and  
32 convincing evidence that the adjustments are  
33 unreasonable; or if the taxpayer and the Director  
34 agree in writing to the application or use of an  
35 alternative method of apportionment under Section  
36 304(f).

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

10           (E-13) For taxable years ending on or after  
11           December 31, 2004, an amount equal to the amount of  
12           intangible expenses and costs otherwise allowed as a  
13           deduction in computing base income, and that were paid,  
14           accrued, or incurred, directly or indirectly, to a  
15           foreign person who would be a member of the same  
16           unitary business group but for the fact that the  
17           foreign person's business activity outside the United  
18           States is 80% or more of that person's total business  
19           activity. The addition modification required by this  
20           subparagraph shall be reduced to the extent that  
21           dividends were included in base income of the unitary  
22           group for the same taxable year and received by the  
23           taxpayer or by a member of the taxpayer's unitary  
24           business group (including amounts included in gross  
25           income pursuant to Sections 951 through 964 of the  
26           Internal Revenue Code and amounts included in gross  
27           income under Section 78 of the Internal Revenue Code)  
28           with respect to the stock of the same person to whom  
29           the intangible expenses and costs were directly or  
30           indirectly paid, incurred, or accrued. The preceding  
31           sentence shall not apply to the extent that the same  
32           dividends caused a reduction to the addition  
33           modification required under Section 203(b)(2)(E-12) of  
34           this Act. As used in this subparagraph, the term  
35           "intangible expenses and costs" includes (1) expenses,  
36           losses, and costs for, or related to, the direct or

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

12 This paragraph shall not apply to the following:

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

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

25 (a) the foreign person during the same  
26 taxable year paid, accrued, or incurred, the  
27 intangible expense or cost to a person that is  
28 not a related member, and

29 (b) the transaction giving rise to the  
30 intangible expense or cost between the  
31 taxpayer and the foreign person did not have as  
32 a principal purpose the avoidance of Illinois  
33 income tax, and is paid pursuant to a contract  
34 or agreement that reflects arm's-length terms;  
35 or

36 (iii) any item of intangible expense or cost

1           paid, accrued, or incurred, directly or  
2           indirectly, from a transaction with a foreign  
3           person if the taxpayer establishes by clear and  
4           convincing evidence, that the adjustments are  
5           unreasonable; or if the taxpayer and the Director  
6           agree in writing to the application or use of an  
7           alternative method of apportionment under Section  
8           304(f);

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

18          and by deducting from the total so obtained the sum of the  
19          following amounts:

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

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

25                 (H) In the case of a regulated investment company,  
26                 an amount equal to the amount of exempt interest  
27                 dividends as defined in subsection (b) (5) of Section  
28                 852 of the Internal Revenue Code, paid to shareholders  
29                 for the taxable year;

30                 (I) With the exception of any amounts subtracted  
31                 under subparagraph (J), an amount equal to the sum of  
32                 all amounts disallowed as deductions by (i) Sections  
33                 171(a) (2), and 265(a) (2) and amounts disallowed as  
34                 interest expense by Section 291(a) (3) of the Internal  
35                 Revenue Code, as now or hereafter amended, and all  
36                 amounts of expenses allocable to interest and

1 disallowed as deductions by Section 265(a)(1) of the  
2 Internal Revenue Code, as now or hereafter amended; and  
3 (ii) for taxable years ending on or after August 13,  
4 1999, Sections 171(a)(2), 265, 280C, 291(a)(3), and  
5 832(b)(5)(B)(i) of the Internal Revenue Code; the  
6 provisions of this subparagraph are exempt from the  
7 provisions of Section 250;

8 (J) An amount equal to all amounts included in such  
9 total which are exempt from taxation by this State  
10 either by reason of its statutes or Constitution or by  
11 reason of the Constitution, treaties or statutes of the  
12 United States; provided that, in the case of any  
13 statute of this State that exempts income derived from  
14 bonds or other obligations from the tax imposed under  
15 this Act, the amount exempted shall be the interest net  
16 of bond premium amortization;

17 (K) An amount equal to those dividends included in  
18 such total which were paid by a corporation which  
19 conducts business operations in an Enterprise Zone or  
20 zones created under the Illinois Enterprise Zone Act  
21 and conducts substantially all of its operations in an  
22 Enterprise Zone or zones;

23 (L) An amount equal to those dividends included in  
24 such total that were paid by a corporation that  
25 conducts business operations in a federally designated  
26 Foreign Trade Zone or Sub-Zone and that is designated a  
27 High Impact Business located in Illinois; provided  
28 that dividends eligible for the deduction provided in  
29 subparagraph (K) of paragraph 2 of this subsection  
30 shall not be eligible for the deduction provided under  
31 this subparagraph (L);

32 (M) For any taxpayer that is a financial  
33 organization within the meaning of Section 304(c) of  
34 this Act, an amount included in such total as interest  
35 income from a loan or loans made by such taxpayer to a  
36 borrower, to the extent that such a loan is secured by

1 property which is eligible for the Enterprise Zone  
2 Investment Credit. To determine the portion of a loan  
3 or loans that is secured by property eligible for a  
4 Section 201(f) investment credit to the borrower, the  
5 entire principal amount of the loan or loans between  
6 the taxpayer and the borrower should be divided into  
7 the basis of the Section 201(f) investment credit  
8 property which secures the loan or loans, using for  
9 this purpose the original basis of such property on the  
10 date that it was placed in service in the Enterprise  
11 Zone. The subtraction modification available to  
12 taxpayer in any year under this subsection shall be  
13 that portion of the total interest paid by the borrower  
14 with respect to such loan attributable to the eligible  
15 property as calculated under the previous sentence;

16 (M-1) For any taxpayer that is a financial  
17 organization within the meaning of Section 304(c) of  
18 this Act, an amount included in such total as interest  
19 income from a loan or loans made by such taxpayer to a  
20 borrower, to the extent that such a loan is secured by  
21 property which is eligible for the High Impact Business  
22 Investment Credit. To determine the portion of a loan  
23 or loans that is secured by property eligible for a  
24 Section 201(h) investment credit to the borrower, the  
25 entire principal amount of the loan or loans between  
26 the taxpayer and the borrower should be divided into  
27 the basis of the Section 201(h) investment credit  
28 property which secures the loan or loans, using for  
29 this purpose the original basis of such property on the  
30 date that it was placed in service in a federally  
31 designated Foreign Trade Zone or Sub-Zone located in  
32 Illinois. No taxpayer that is eligible for the  
33 deduction provided in subparagraph (M) of paragraph  
34 (2) of this subsection shall be eligible for the  
35 deduction provided under this subparagraph (M-1). The  
36 subtraction modification available to taxpayers in any

1 year under this subsection shall be that portion of the  
2 total interest paid by the borrower with respect to  
3 such loan attributable to the eligible property as  
4 calculated under the previous sentence;

5 (N) Two times any contribution made during the  
6 taxable year to a designated zone organization to the  
7 extent that the contribution (i) qualifies as a  
8 charitable contribution under subsection (c) of  
9 Section 170 of the Internal Revenue Code and (ii) must,  
10 by its terms, be used for a project approved by the  
11 Department of Commerce and Economic Opportunity under  
12 Section 11 of the Illinois Enterprise Zone Act;

13 (O) An amount equal to: (i) 85% for taxable years  
14 ending on or before December 31, 1992, or, a percentage  
15 equal to the percentage allowable under Section  
16 243(a)(1) of the Internal Revenue Code of 1986 for  
17 taxable years ending after December 31, 1992, of the  
18 amount by which dividends included in taxable income  
19 and received from a corporation that is not created or  
20 organized under the laws of the United States or any  
21 state or political subdivision thereof, including, for  
22 taxable years ending on or after December 31, 1988,  
23 dividends received or deemed received or paid or deemed  
24 paid under Sections 951 through 964 of the Internal  
25 Revenue Code, exceed the amount of the modification  
26 provided under subparagraph (G) of paragraph (2) of  
27 this subsection (b) which is related to such dividends;  
28 plus (ii) 100% of the amount by which dividends,  
29 included in taxable income and received, including,  
30 for taxable years ending on or after December 31, 1988,  
31 dividends received or deemed received or paid or deemed  
32 paid under Sections 951 through 964 of the Internal  
33 Revenue Code, from any such corporation specified in  
34 clause (i) that would but for the provisions of Section  
35 1504 (b) (3) of the Internal Revenue Code be treated as  
36 a member of the affiliated group which includes the

1 dividend recipient, exceed the amount of the  
2 modification provided under subparagraph (G) of  
3 paragraph (2) of this subsection (b) which is related  
4 to such dividends;

5 (P) An amount equal to any contribution made to a  
6 job training project established pursuant to the Tax  
7 Increment Allocation Redevelopment Act;

8 (Q) An amount equal to the amount of the deduction  
9 used to compute the federal income tax credit for  
10 restoration of substantial amounts held under claim of  
11 right for the taxable year pursuant to Section 1341 of  
12 the Internal Revenue Code of 1986;

13 (R) In the case of an attorney-in-fact with respect  
14 to whom an interinsurer or a reciprocal insurer has  
15 made the election under Section 835 of the Internal  
16 Revenue Code, 26 U.S.C. 835, an amount equal to the  
17 excess, if any, of the amounts paid or incurred by that  
18 interinsurer or reciprocal insurer in the taxable year  
19 to the attorney-in-fact over the deduction allowed to  
20 that interinsurer or reciprocal insurer with respect  
21 to the attorney-in-fact under Section 835(b) of the  
22 Internal Revenue Code for the taxable year;

23 (S) For taxable years ending on or after December  
24 31, 1997, in the case of a Subchapter S corporation, an  
25 amount equal to all amounts of income allocable to a  
26 shareholder subject to the Personal Property Tax  
27 Replacement Income Tax imposed by subsections (c) and  
28 (d) of Section 201 of this Act, including amounts  
29 allocable to organizations exempt from federal income  
30 tax by reason of Section 501(a) of the Internal Revenue  
31 Code. This subparagraph (S) is exempt from the  
32 provisions of Section 250;

33 (T) For taxable years 2001 and thereafter, for the  
34 taxable year in which the bonus depreciation deduction  
35 (30% of the adjusted basis of the qualified property)  
36 is taken on the taxpayer's federal income tax return



1 under subsection (k) of Section 168 of the Internal  
2 Revenue Code and for each applicable taxable year  
3 thereafter, an amount equal to "x", where:

4 (1) "y" equals the amount of the depreciation  
5 deduction taken for the taxable year on the  
6 taxpayer's federal income tax return on property  
7 for which the bonus depreciation deduction (30% of  
8 the adjusted basis of the qualified property) was  
9 taken in any year under subsection (k) of Section  
10 168 of the Internal Revenue Code, but not including  
11 the bonus depreciation deduction; and

12 (2) "x" equals "y" multiplied by 30 and then  
13 divided by 70 (or "y" multiplied by 0.429).

14 The aggregate amount deducted under this  
15 subparagraph in all taxable years for any one piece of  
16 property may not exceed the amount of the bonus  
17 depreciation deduction (30% of the adjusted basis of  
18 the qualified property) taken on that property on the  
19 taxpayer's federal income tax return under subsection  
20 (k) of Section 168 of the Internal Revenue Code;

21 (U) If the taxpayer reports a capital gain or loss  
22 on the taxpayer's federal income tax return for the  
23 taxable year based on a sale or transfer of property  
24 for which the taxpayer was required in any taxable year  
25 to make an addition modification under subparagraph  
26 (E-10), then an amount equal to that addition  
27 modification.

28 The taxpayer is allowed to take the deduction under  
29 this subparagraph only once with respect to any one  
30 piece of property;

31 (V) The amount of: (i) any interest income (net of  
32 the deductions allocable thereto) taken into account  
33 for the taxable year with respect to a transaction with  
34 a taxpayer that is required to make an addition  
35 modification with respect to such transaction under  
36 Section 203(a)(2)(D-17), 203(b)(2)(E-12),

1 203(c) (2) (G-12), or 203(d) (2) (D-7), but not to exceed  
2 the amount of such addition modification and (ii) any  
3 income from intangible property (net of the deductions  
4 allocable thereto) taken into account for the taxable  
5 year with respect to a transaction with a taxpayer that  
6 is required to make an addition modification with  
7 respect to such transaction under Section  
8 203(a) (2) (D-18), 203(b) (2) (E-13), 203(c) (2) (G-13), or  
9 203(d) (2) (D-8), but not to exceed the amount of such  
10 addition modification;

11 (W) An amount equal to the interest income taken  
12 into account for the taxable year (net of the  
13 deductions allocable thereto) with respect to  
14 transactions with a foreign person who would be a  
15 member of the taxpayer's unitary business group but for  
16 the fact that the foreign person's business activity  
17 outside the United States is 80% or more of that  
18 person's total business activity, but not to exceed the  
19 addition modification required to be made for the same  
20 taxable year under Section 203(b) (2) (E-12) for  
21 interest paid, accrued, or incurred, directly or  
22 indirectly, to the same foreign person; and

23 (X) An amount equal to the income from intangible  
24 property taken into account for the taxable year (net  
25 of the deductions allocable thereto) with respect to  
26 transactions with a foreign person who would be a  
27 member of the taxpayer's unitary business group but for  
28 the fact that the foreign person's business activity  
29 outside the United States is 80% or more of that  
30 person's total business activity, but not to exceed the  
31 addition modification required to be made for the same  
32 taxable year under Section 203(b) (2) (E-13) for  
33 intangible expenses and costs paid, accrued, or  
34 incurred, directly or indirectly, to the same foreign  
35 person.

36 (3) Special rule. For purposes of paragraph (2) (A),

1 "gross income" in the case of a life insurance company, for  
2 tax years ending on and after December 31, 1994, shall mean  
3 the gross investment income for the taxable year.

4 (c) Trusts and estates.

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

8 (2) Modifications. Subject to the provisions of  
9 paragraph (3), the taxable income referred to in paragraph  
10 (1) shall be modified by adding thereto the sum of the  
11 following amounts:

12 (A) An amount equal to all amounts paid or accrued  
13 to the taxpayer as interest or dividends during the  
14 taxable year to the extent excluded from gross income  
15 in the computation of taxable income;

16 (B) In the case of (i) an estate, \$600; (ii) a  
17 trust which, under its governing instrument, is  
18 required to distribute all of its income currently,  
19 \$300; and (iii) any other trust, \$100, but in each such  
20 case, only to the extent such amount was deducted in  
21 the computation of taxable income;

22 (C) An amount equal to the amount of tax imposed by  
23 this Act to the extent deducted from gross income in  
24 the computation of taxable income for the taxable year;

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

29 (E) For taxable years in which a net operating loss  
30 carryback or carryforward from a taxable year ending  
31 prior to December 31, 1986 is an element of taxable  
32 income under paragraph (1) of subsection (e) or  
33 subparagraph (E) of paragraph (2) of subsection (e),  
34 the amount by which addition modifications other than  
35 those provided by this subparagraph (E) exceeded

1 subtraction modifications in such taxable year, with  
2 the following limitations applied in the order that  
3 they are listed:

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

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

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

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

30 (G) An amount equal to the amount of the capital  
31 gain deduction allowable under the Internal Revenue  
32 Code, to the extent deducted from gross income in the  
33 computation of taxable income;

34 (G-5) For taxable years ending after December 31,  
35 1997, an amount equal to any eligible remediation costs  
36 that the trust or estate deducted in computing adjusted

1 gross income and for which the trust or estate claims a  
2 credit under subsection (l) of Section 201;

3 (G-10) For taxable years 2001 and thereafter, an  
4 amount equal to the bonus depreciation deduction (30%  
5 of the adjusted basis of the qualified property) taken  
6 on the taxpayer's federal income tax return for the  
7 taxable year under subsection (k) of Section 168 of the  
8 Internal Revenue Code; and

9 (G-11) If the taxpayer reports a capital gain or  
10 loss on the taxpayer's federal income tax return for  
11 the taxable year based on a sale or transfer of  
12 property for which the taxpayer was required in any  
13 taxable year to make an addition modification under  
14 subparagraph (G-10), then an amount equal to the  
15 aggregate amount of the deductions taken in all taxable  
16 years under subparagraph (R) with respect to that  
17 property.

18 The taxpayer is required to make the addition  
19 modification under this subparagraph only once with  
20 respect to any one piece of property;

21 (G-12) For taxable years ending on or after  
22 December 31, 2004, an amount equal to the amount  
23 otherwise allowed as a deduction in computing base  
24 income for interest paid, accrued, or incurred,  
25 directly or indirectly, to a foreign person who would  
26 be a member of the same unitary business group but for  
27 the fact that the foreign person's business activity  
28 outside the United States is 80% or more of the foreign  
29 person's total business activity. The addition  
30 modification required by this subparagraph shall be  
31 reduced to the extent that dividends were included in  
32 base income of the unitary group for the same taxable  
33 year and received by the taxpayer or by a member of the  
34 taxpayer's unitary business group (including amounts  
35 included in gross income pursuant to Sections 951  
36 through 964 of the Internal Revenue Code and amounts

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

5 This paragraph shall not apply to the following:

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

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

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

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

28 (iii) the taxpayer can establish, based on  
29 clear and convincing evidence, that the interest  
30 paid, accrued, or incurred relates to a contract or  
31 agreement entered into at arm's-length rates and  
32 terms and the principal purpose for the payment is  
33 not federal or Illinois tax avoidance; or

34 (iv) an item of interest paid, accrued, or  
35 incurred, directly or indirectly, to a foreign  
36 person if the taxpayer establishes by clear and

1           convincing evidence that the adjustments are  
2           unreasonable; or if the taxpayer and the Director  
3           agree in writing to the application or use of an  
4           alternative method of apportionment under Section  
5           304(f).

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

15          (G-13) For taxable years ending on or after  
16          December 31, 2004, an amount equal to the amount of  
17          intangible expenses and costs otherwise allowed as a  
18          deduction in computing base income, and that were paid,  
19          accrued, or incurred, directly or indirectly, to a  
20          foreign person who would be a member of the same  
21          unitary business group but for the fact that the  
22          foreign person's business activity outside the United  
23          States is 80% or more of that person's total business  
24          activity. The addition modification required by this  
25          subparagraph shall be reduced to the extent that  
26          dividends were included in base income of the unitary  
27          group for the same taxable year and received by the  
28          taxpayer or by a member of the taxpayer's unitary  
29          business group (including amounts included in gross  
30          income pursuant to Sections 951 through 964 of the  
31          Internal Revenue Code and amounts included in gross  
32          income under Section 78 of the Internal Revenue Code)  
33          with respect to the stock of the same person to whom  
34          the intangible expenses and costs were directly or  
35          indirectly paid, incurred, or accrued. The preceding  
36          sentence shall not apply to the extent that the same

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

17 This paragraph shall not apply to the following:

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

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

30 (a) the foreign person during the same  
31 taxable year paid, accrued, or incurred, the  
32 intangible expense or cost to a person that is  
33 not a related member, and

34 (b) the transaction giving rise to the  
35 intangible expense or cost between the  
36 taxpayer and the foreign person did not have as



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

5 (iii) any item of intangible expense or cost  
6 paid, accrued, or incurred, directly or  
7 indirectly, from a transaction with a foreign  
8 person if the taxpayer establishes by clear and  
9 convincing evidence, that the adjustments are  
10 unreasonable; or if the taxpayer and the Director  
11 agree in writing to the application or use of an  
12 alternative method of apportionment under Section  
13 304(f);

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

23 and by deducting from the total so obtained the sum of the  
24 following amounts:

25 (H) An amount equal to all amounts included in such  
26 total pursuant to the provisions of Sections 402(a),  
27 402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the  
28 Internal Revenue Code or included in such total as  
29 distributions under the provisions of any retirement  
30 or disability plan for employees of any governmental  
31 agency or unit, or retirement payments to retired  
32 partners, which payments are excluded in computing net  
33 earnings from self employment by Section 1402 of the  
34 Internal Revenue Code and regulations adopted pursuant  
35 thereto;

36 (I) The valuation limitation amount;

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

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

15           (L) With the exception of any amounts subtracted  
16 under subparagraph (K), an amount equal to the sum of  
17 all amounts disallowed as deductions by (i) Sections  
18 171(a) (2) and 265(a) (2) of the Internal Revenue Code,  
19 as now or hereafter amended, and all amounts of  
20 expenses allocable to interest and disallowed as  
21 deductions by Section 265(1) of the Internal Revenue  
22 Code of 1954, as now or hereafter amended; and (ii) for  
23 taxable years ending on or after August 13, 1999,  
24 Sections 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of  
25 the Internal Revenue Code; the provisions of this  
26 subparagraph are exempt from the provisions of Section  
27 250;

28           (M) An amount equal to those dividends included in  
29 such total which were paid by a corporation which  
30 conducts business operations in an Enterprise Zone or  
31 zones created under the Illinois Enterprise Zone Act  
32 and conducts substantially all of its operations in an  
33 Enterprise Zone or Zones;

34           (N) An amount equal to any contribution made to a  
35 job training project established pursuant to the Tax  
36 Increment Allocation Redevelopment Act;

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

10           (P) An amount equal to the amount of the deduction  
11 used to compute the federal income tax credit for  
12 restoration of substantial amounts held under claim of  
13 right for the taxable year pursuant to Section 1341 of  
14 the Internal Revenue Code of 1986;

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

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

12 (R) For taxable years 2001 and thereafter, for the  
13 taxable year in which the bonus depreciation deduction  
14 (30% of the adjusted basis of the qualified property)  
15 is taken on the taxpayer's federal income tax return  
16 under subsection (k) of Section 168 of the Internal  
17 Revenue Code and for each applicable taxable year  
18 thereafter, an amount equal to "x", where:

19 (1) "y" equals the amount of the depreciation  
20 deduction taken for the taxable year on the  
21 taxpayer's federal income tax return on property  
22 for which the bonus depreciation deduction (30% of  
23 the adjusted basis of the qualified property) was  
24 taken in any year under subsection (k) of Section  
25 168 of the Internal Revenue Code, but not including  
26 the bonus depreciation deduction; and

27 (2) "x" equals "y" multiplied by 30 and then  
28 divided by 70 (or "y" multiplied by 0.429).

29 The aggregate amount deducted under this  
30 subparagraph in all taxable years for any one piece of  
31 property may not exceed the amount of the bonus  
32 depreciation deduction (30% of the adjusted basis of  
33 the qualified property) taken on that property on the  
34 taxpayer's federal income tax return under subsection  
35 (k) of Section 168 of the Internal Revenue Code;

36 (S) If the taxpayer reports a capital gain or loss

1 on the taxpayer's federal income tax return for the  
2 taxable year based on a sale or transfer of property  
3 for which the taxpayer was required in any taxable year  
4 to make an addition modification under subparagraph  
5 (G-10), then an amount equal to that addition  
6 modification.

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

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

26 (U) An amount equal to the interest income taken  
27 into account for the taxable year (net of the  
28 deductions allocable thereto) with respect to  
29 transactions with a foreign person who would be a  
30 member of the taxpayer's unitary business group but for  
31 the fact the foreign person's business activity  
32 outside the United States is 80% or more of that  
33 person's total business activity, but not to exceed the  
34 addition modification required to be made for the same  
35 taxable year under Section 203(c)(2)(G-12) for  
36 interest paid, accrued, or incurred, directly or

1 indirectly, to the same foreign person; and

2 (V) An amount equal to the income from intangible  
3 property taken into account for the taxable year (net  
4 of the deductions allocable thereto) with respect to  
5 transactions with a foreign person who would be a  
6 member of the taxpayer's unitary business group but for  
7 the fact that the foreign person's business activity  
8 outside the United States is 80% or more of that  
9 person's total business activity, but not to exceed the  
10 addition modification required to be made for the same  
11 taxable year under Section 203(c)(2)(G-13) for  
12 intangible expenses and costs paid, accrued, or  
13 incurred, directly or indirectly, to the same foreign  
14 person.

15 (3) Limitation. The amount of any modification  
16 otherwise required under this subsection shall, under  
17 regulations prescribed by the Department, be adjusted by  
18 any amounts included therein which were properly paid,  
19 credited, or required to be distributed, or permanently set  
20 aside for charitable purposes pursuant to Internal Revenue  
21 Code Section 642(c) during the taxable year.

22 (d) Partnerships.

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

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

29 (A) An amount equal to all amounts paid or accrued  
30 to the taxpayer as interest or dividends during the  
31 taxable year to the extent excluded from gross income  
32 in the computation of taxable income;

33 (B) An amount equal to the amount of tax imposed by  
34 this Act to the extent deducted from gross income for  
35 the taxable year;

1 (C) The amount of deductions allowed to the  
2 partnership pursuant to Section 707 (c) of the Internal  
3 Revenue Code in calculating its taxable income;

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

8 (D-5) For taxable years 2001 and thereafter, an  
9 amount equal to the bonus depreciation deduction (30%  
10 of the adjusted basis of the qualified property) taken  
11 on the taxpayer's federal income tax return for the  
12 taxable year under subsection (k) of Section 168 of the  
13 Internal Revenue Code;

14 (D-6) If the taxpayer reports a capital gain or  
15 loss on the taxpayer's federal income tax return for  
16 the taxable year based on a sale or transfer of  
17 property for which the taxpayer was required in any  
18 taxable year to make an addition modification under  
19 subparagraph (D-5), then an amount equal to the  
20 aggregate amount of the deductions taken in all taxable  
21 years under subparagraph (O) with respect to that  
22 property.

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

26 (D-7) For taxable years ending on or after December  
27 31, 2004, an amount equal to the amount otherwise  
28 allowed as a deduction in computing base income for  
29 interest paid, accrued, or incurred, directly or  
30 indirectly, to a foreign person who would be a member  
31 of the same unitary business group but for the fact the  
32 foreign person's business activity outside the United  
33 States is 80% or more of the foreign person's total  
34 business activity. The addition modification required  
35 by this subparagraph shall be reduced to the extent  
36 that dividends were included in base income of the

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

9 This paragraph shall not apply to the following:

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

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

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

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

32 (iii) the taxpayer can establish, based on  
33 clear and convincing evidence, that the interest  
34 paid, accrued, or incurred relates to a contract or  
35 agreement entered into at arm's-length rates and  
36 terms and the principal purpose for the payment is



1 not federal or Illinois tax avoidance; or

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

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

19 (D-8) For taxable years ending on or after December  
20 31, 2004, an amount equal to the amount of intangible  
21 expenses and costs otherwise allowed as a deduction in  
22 computing base income, and that were paid, accrued, or  
23 incurred, directly or indirectly, to a foreign person  
24 who would be a member of the same unitary business  
25 group but for the fact that the foreign person's  
26 business activity outside the United States is 80% or  
27 more of that person's total business activity. The  
28 addition modification required by this subparagraph  
29 shall be reduced to the extent that dividends were  
30 included in base income of the unitary group for the  
31 same taxable year and received by the taxpayer or by a  
32 member of the taxpayer's unitary business group  
33 (including amounts included in gross income pursuant  
34 to Sections 951 through 964 of the Internal Revenue  
35 Code and amounts included in gross income under Section  
36 78 of the Internal Revenue Code) with respect to the

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

21 This paragraph shall not apply to the following:

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

29 (ii) any item of intangible expense or cost  
30 paid, accrued, or incurred, directly or  
31 indirectly, if the taxpayer can establish, based  
32 on a preponderance of the evidence, both of the  
33 following:

34 (a) the foreign person during the same  
35 taxable year paid, accrued, or incurred, the  
36 intangible expense or cost to a person that is

1 not a related member, and

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

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

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

27 and by deducting from the total so obtained the following  
28 amounts:

29 (E) The valuation limitation amount;

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

33 (G) An amount equal to all amounts included in  
34 taxable income as modified by subparagraphs (A), (B),  
35 (C) and (D) which are exempt from taxation by this  
36 State either by reason of its statutes or Constitution

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

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

13 (I) An amount equal to all amounts of income  
14 distributable to an entity subject to the Personal  
15 Property Tax Replacement Income Tax imposed by  
16 subsections (c) and (d) of Section 201 of this Act  
17 including amounts distributable to organizations  
18 exempt from federal income tax by reason of Section  
19 501(a) of the Internal Revenue Code;

20 (J) With the exception of any amounts subtracted  
21 under subparagraph (G), an amount equal to the sum of  
22 all amounts disallowed as deductions by (i) Sections  
23 171(a) (2), and 265(2) of the Internal Revenue Code of  
24 1954, as now or hereafter amended, and all amounts of  
25 expenses allocable to interest and disallowed as  
26 deductions by Section 265(1) of the Internal Revenue  
27 Code, as now or hereafter amended; and (ii) for taxable  
28 years ending on or after August 13, 1999, Sections  
29 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of the  
30 Internal Revenue Code; the provisions of this  
31 subparagraph are exempt from the provisions of Section  
32 250;

33 (K) An amount equal to those dividends included in  
34 such total which were paid by a corporation which  
35 conducts business operations in an Enterprise Zone or  
36 zones created under the Illinois Enterprise Zone Act,

1 enacted by the 82nd General Assembly, and conducts  
2 substantially all of its operations in an Enterprise  
3 Zone or Zones;

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

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

16 (N) An amount equal to the amount of the deduction  
17 used to compute the federal income tax credit for  
18 restoration of substantial amounts held under claim of  
19 right for the taxable year pursuant to Section 1341 of  
20 the Internal Revenue Code of 1986;

21 (O) For taxable years 2001 and thereafter, for the  
22 taxable year in which the bonus depreciation deduction  
23 (30% of the adjusted basis of the qualified property)  
24 is taken on the taxpayer's federal income tax return  
25 under subsection (k) of Section 168 of the Internal  
26 Revenue Code and for each applicable taxable year  
27 thereafter, an amount equal to "x", where:

28 (1) "y" equals the amount of the depreciation  
29 deduction taken for the taxable year on the  
30 taxpayer's federal income tax return on property  
31 for which the bonus depreciation deduction (30% of  
32 the adjusted basis of the qualified property) was  
33 taken in any year under subsection (k) of Section  
34 168 of the Internal Revenue Code, but not including  
35 the bonus depreciation deduction; and

36 (2) "x" equals "y" multiplied by 30 and then

1           divided by 70 (or "y" multiplied by 0.429).

2           The aggregate amount deducted under this  
3 subparagraph in all taxable years for any one piece of  
4 property may not exceed the amount of the bonus  
5 depreciation deduction (30% of the adjusted basis of  
6 the qualified property) taken on that property on the  
7 taxpayer's federal income tax return under subsection  
8 (k) of Section 168 of the Internal Revenue Code;

9           (P) If the taxpayer reports a capital gain or loss  
10 on the taxpayer's federal income tax return for the  
11 taxable year based on a sale or transfer of property  
12 for which the taxpayer was required in any taxable year  
13 to make an addition modification under subparagraph  
14 (D-5), then an amount equal to that addition  
15 modification.

16           The taxpayer is allowed to take the deduction under  
17 this subparagraph only once with respect to any one  
18 piece of property;

19           (Q) The amount of (i) any interest income (net of  
20 the deductions allocable thereto) taken into account  
21 for the taxable year with respect to a transaction with  
22 a taxpayer that is required to make an addition  
23 modification with respect to such transaction under  
24 Section 203(a)(2)(D-17), 203(b)(2)(E-12),  
25 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
26 the amount of such addition modification and (ii) any  
27 income from intangible property (net of the deductions  
28 allocable thereto) taken into account for the taxable  
29 year with respect to a transaction with a taxpayer that  
30 is required to make an addition modification with  
31 respect to such transaction under Section  
32 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
33 203(d)(2)(D-8), but not to exceed the amount of such  
34 addition modification;

35           (R) An amount equal to the interest income taken  
36 into account for the taxable year (net of the

1 deductions allocable thereto) with respect to  
2 transactions with a foreign person who would be a  
3 member of the taxpayer's unitary business group but for  
4 the fact that the foreign person's business activity  
5 outside the United States is 80% or more of that  
6 person's total business activity, but not to exceed the  
7 addition modification required to be made for the same  
8 taxable year under Section 203(d)(2)(D-7) for interest  
9 paid, accrued, or incurred, directly or indirectly, to  
10 the same foreign person; and

11 (S) An amount equal to the income from intangible  
12 property taken into account for the taxable year (net  
13 of the deductions allocable thereto) with respect to  
14 transactions with a foreign person who would be a  
15 member of the taxpayer's unitary business group but for  
16 the fact that the foreign person's business activity  
17 outside the United States is 80% or more of that  
18 person's total business activity, but not to exceed the  
19 addition modification required to be made for the same  
20 taxable year under Section 203(d)(2)(D-8) for  
21 intangible expenses and costs paid, accrued, or  
22 incurred, directly or indirectly, to the same foreign  
23 person.

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

25 (1) In general. Subject to the provisions of paragraph  
26 (2) and subsection (b) (3), for purposes of this Section  
27 and Section 803(e), a taxpayer's gross income, adjusted  
28 gross income, or taxable income for the taxable year shall  
29 mean the amount of gross income, adjusted gross income or  
30 taxable income properly reportable for federal income tax  
31 purposes for the taxable year under the provisions of the  
32 Internal Revenue Code. Taxable income may be less than  
33 zero. However, for taxable years ending on or after  
34 December 31, 1986, net operating loss carryforwards from  
35 taxable years ending prior to December 31, 1986, may not

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

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

25 (A) Certain life insurance companies. In the case  
26 of a life insurance company subject to the tax imposed  
27 by Section 801 of the Internal Revenue Code, life  
28 insurance company taxable income, plus the amount of  
29 distribution from pre-1984 policyholder surplus  
30 accounts as calculated under Section 815a of the  
31 Internal Revenue Code;

32 (B) Certain other insurance companies. In the case  
33 of mutual insurance companies subject to the tax  
34 imposed by Section 831 of the Internal Revenue Code,  
35 insurance company taxable income;

36 (C) Regulated investment companies. In the case of



1 a regulated investment company subject to the tax  
2 imposed by Section 852 of the Internal Revenue Code,  
3 investment company taxable income;

4 (D) Real estate investment trusts. In the case of a  
5 real estate investment trust subject to the tax imposed  
6 by Section 857 of the Internal Revenue Code, real  
7 estate investment trust taxable income;

8 (E) Consolidated corporations. In the case of a  
9 corporation which is a member of an affiliated group of  
10 corporations filing a consolidated income tax return  
11 for the taxable year for federal income tax purposes,  
12 taxable income determined as if such corporation had  
13 filed a separate return for federal income tax purposes  
14 for the taxable year and each preceding taxable year  
15 for which it was a member of an affiliated group. For  
16 purposes of this subparagraph, the taxpayer's separate  
17 taxable income shall be determined as if the election  
18 provided by Section 243(b) (2) of the Internal Revenue  
19 Code had been in effect for all such years;

20 (F) Cooperatives. In the case of a cooperative  
21 corporation or association, the taxable income of such  
22 organization determined in accordance with the  
23 provisions of Section 1381 through 1388 of the Internal  
24 Revenue Code;

25 (G) Subchapter S corporations. In the case of: (i)  
26 a Subchapter S corporation for which there is in effect  
27 an election for the taxable year under Section 1362 of  
28 the Internal Revenue Code, the taxable income of such  
29 corporation determined in accordance with Section  
30 1363(b) of the Internal Revenue Code, except that  
31 taxable income shall take into account those items  
32 which are required by Section 1363(b)(1) of the  
33 Internal Revenue Code to be separately stated; and (ii)  
34 a Subchapter S corporation for which there is in effect  
35 a federal election to opt out of the provisions of the  
36 Subchapter S Revision Act of 1982 and have applied

1           instead the prior federal Subchapter S rules as in  
2           effect on July 1, 1982, the taxable income of such  
3           corporation determined in accordance with the federal  
4           Subchapter S rules as in effect on July 1, 1982; and

5           (H) Partnerships. In the case of a partnership,  
6           taxable income determined in accordance with Section  
7           703 of the Internal Revenue Code, except that taxable  
8           income shall take into account those items which are  
9           required by Section 703(a)(1) to be separately stated  
10          but which would be taken into account by an individual  
11          in calculating his taxable income.

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

29          (f) Valuation limitation amount.

30          (1) In general. The valuation limitation amount  
31          referred to in subsections (a) (2) (G), (c) (2) (I) and  
32          (d) (2) (E) is an amount equal to:

33          (A) The sum of the pre-August 1, 1969 appreciation  
34          amounts (to the extent consisting of gain reportable  
35          under the provisions of Section 1245 or 1250 of the  
36          Internal Revenue Code) for all property in respect of

1 which such gain was reported for the taxable year; plus

2 (B) The lesser of (i) the sum of the pre-August 1,  
3 1969 appreciation amounts (to the extent consisting of  
4 capital gain) for all property in respect of which such  
5 gain was reported for federal income tax purposes for  
6 the taxable year, or (ii) the net capital gain for the  
7 taxable year, reduced in either case by any amount of  
8 such gain included in the amount determined under  
9 subsection (a) (2) (F) or (c) (2) (H).

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

11 (A) If the fair market value of property referred  
12 to in paragraph (1) was readily ascertainable on August  
13 1, 1969, the pre-August 1, 1969 appreciation amount for  
14 such property is the lesser of (i) the excess of such  
15 fair market value over the taxpayer's basis (for  
16 determining gain) for such property on that date  
17 (determined under the Internal Revenue Code as in  
18 effect on that date), or (ii) the total gain realized  
19 and reportable for federal income tax purposes in  
20 respect of the sale, exchange or other disposition of  
21 such property.

22 (B) If the fair market value of property referred  
23 to in paragraph (1) was not readily ascertainable on  
24 August 1, 1969, the pre-August 1, 1969 appreciation  
25 amount for such property is that amount which bears the  
26 same ratio to the total gain reported in respect of the  
27 property for federal income tax purposes for the  
28 taxable year, as the number of full calendar months in  
29 that part of the taxpayer's holding period for the  
30 property ending July 31, 1969 bears to the number of  
31 full calendar months in the taxpayer's entire holding  
32 period for the property.

33 (C) The Department shall prescribe such  
34 regulations as may be necessary to carry out the  
35 purposes of this paragraph.

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

4           (h) Legislative intention. Except as expressly provided by  
5 this Section there shall be no modifications or limitations on  
6 the amounts of income, gain, loss or deduction taken into  
7 account in determining gross income, adjusted gross income or  
8 taxable income for federal income tax purposes for the taxable  
9 year, or in the amount of such items entering into the  
10 computation of base income and net income under this Act for  
11 such taxable year, whether in respect of property values as of  
12 August 1, 1969 or otherwise.

13           (Source: P.A. 92-16, eff. 6-28-01; 92-244, eff. 8-3-01; 92-439,  
14 eff. 8-17-01; 92-603, eff. 6-28-02; 92-626, eff. 7-11-02;  
15 92-651, eff. 7-11-02; 92-846, eff. 8-23-02; 93-812, eff.  
16 7-26-04; 93-840, eff. 7-30-04; revised 10-12-04.)

17           Section 99. Effective date. This Act takes effect upon  
18 becoming law.