



Sen. Richard J. Winkel Jr.

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1 AMENDMENT TO SENATE BILL 750

2 AMENDMENT NO. _____. Amend Senate Bill 750 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The State Finance Act is amended by changing
5 Section 8h and by adding Sections 5.640, 5.645, 6z-68, and
6 6z-69 as follows:

7 (30 ILCS 105/5.640 new)

8 Sec. 5.640. The Higher Education Operating Assistance
9 Fund.

10 (30 ILCS 105/5.645 new)

11 Sec. 5.645. The School District Property Tax Relief Fund.

12 (30 ILCS 105/6z-68 new)

13 Sec. 6z-68. School District Property Tax Relief Fund.

14 (a) The School District Property Tax Relief Fund is created
15 as a special Fund in the State treasury. All interest earned on
16 moneys in the Fund shall be deposited into the Fund.

17 (b) As used in this Section:

18 "Department" means the Department of Revenue.

19 "School district" means elementary, high school, unit, and
20 community college districts that levy property taxes.

21 "Property tax relief grant" means the amount of property
22 tax relief that will be distributed to each school district

1 from the School District Property Tax Relief Fund in each
2 fiscal year.

3 (c) Beginning in fiscal year 2006, the General Assembly
4 shall appropriate \$3.5 billion from the Education Assistance
5 Fund to the School District Property Tax Relief Fund. In each
6 fiscal year thereafter, the General Assembly shall appropriate
7 an amount from the Education Assistance Fund to the School
8 District Property Tax Relief Fund equal to the amount
9 appropriated to the School District Property Tax Relief Fund in
10 the immediately preceding fiscal year, increased by the
11 percentage increase in the Consumer Price Index for All Urban
12 Consumers published by the U.S. Bureau of Labor Statistics for
13 the immediately preceding fiscal year.

14 (d) Beginning in 2005 and for every year thereafter, the
15 Department must certify, no earlier than November 15 and no
16 later than November 17, the total amount of property tax relief
17 each school district will receive from the School District
18 Property Tax Relief Fund. The relief shall be determined as
19 follows:

20 In each fiscal year commencing with fiscal year 2006,
21 the General Assembly shall appropriate the total amount
22 appropriated to the School District Property Tax Relief
23 Fund for that fiscal year to fund the aggregate amount of
24 property tax relief grants that will be distributed to all
25 school districts. The Department then shall calculate the
26 amount of property tax relief grant to be distributed to
27 each school district in each fiscal year as follows:

28 (A) for fiscal year 2006, each school district
29 shall receive a property tax relief grant in an amount
30 equal to one-third of the total property taxes levied
31 for that school district in tax year 2001 (payable in
32 2002); and

33 (B) for each fiscal year thereafter, the property
34 tax relief grant for each school district must be

1 increased by the percentage increase, if any, in the
2 Consumer Price Index For All Urban Consumers published
3 for the prior fiscal year.

4 (30 ILCS 105/6z-69 new)

5 Sec. 6z-69. Higher Education Operating Assistance Fund.

6 (a) The Higher Education Operating Assistance Fund is
7 created as a special fund in the State treasury. Moneys in the
8 Fund may be used only for the purposes set forth in this
9 Section. All interest earned on moneys in the Fund must be
10 deposited into the Fund.

11 (b) Each fiscal year, beginning in fiscal year 2006, the
12 General Assembly must appropriate \$500,000,000 from the
13 Education Assistance Fund to the Higher Education Operating
14 Assistance Fund.

15 (c) In each fiscal year, beginning in fiscal year 2006, if
16 the amount appropriated for higher education purposes equals or
17 exceeds the total appropriation for higher education purposes
18 from the prior fiscal year multiplied by the percentage of
19 increase, in the previous calendar year, of the Consumer Price
20 Index for all Urban Consumers published by the federal Bureau
21 of Labor Statistics ("CPI"), then both of the following apply:

22 (1) The General Assembly must appropriate 80% of the
23 moneys in the Higher Education Operating Assistance Fund to
24 the Board of Higher Education for grants to State
25 universities for their ordinary and contingent expenses.
26 The grants under this item (1) must be distributed to each
27 State university based upon each university's full time
28 equivalent head count.

29 (2) The General Assembly must appropriate 20% of the
30 moneys in the Higher Education Operating Assistance Fund to
31 the Illinois Community College Board for grants to
32 community colleges for their ordinary and contingent
33 expenses. The grants under this item (2) must be

1 distributed as supplemental base operating grants under
2 Section 2-16.02 of the Public Community College Act.

3 If, however, the amount appropriated for higher education
4 purposes is less than the amount of the total appropriation for
5 higher education purposes from the prior fiscal year as
6 adjusted by the percentage increase in CPI, then no moneys may
7 be appropriated from the Higher Education Operating Assistance
8 Fund for that fiscal year for any purpose.

9 For purposes of this subsection (c), the term "amount
10 appropriated for higher education purposes" does not include
11 any amount appropriated from the Higher Education Operating
12 Assistance Fund.

13 (30 ILCS 105/8h)

14 Sec. 8h. Transfers to General Revenue Fund.

15 (a) Except as provided in subsection (b), notwithstanding
16 any other State law to the contrary, the Governor may, through
17 June 30, 2007, from time to time direct the State Treasurer and
18 Comptroller to transfer a specified sum from any fund held by
19 the State Treasurer to the General Revenue Fund in order to
20 help defray the State's operating costs for the fiscal year.
21 The total transfer under this Section from any fund in any
22 fiscal year shall not exceed the lesser of (i) 8% of the
23 revenues to be deposited into the fund during that fiscal year
24 or (ii) an amount that leaves a remaining fund balance of 25%
25 of the July 1 fund balance of that fiscal year. In fiscal year
26 2005 only, prior to calculating the July 1, 2004 final
27 balances, the Governor may calculate and direct the State
28 Treasurer with the Comptroller to transfer additional amounts
29 determined by applying the formula authorized in Public Act
30 93-839 to the funds balances on July 1, 2003. No transfer may
31 be made from a fund under this Section that would have the
32 effect of reducing the available balance in the fund to an
33 amount less than the amount remaining unexpended and unreserved

1 from the total appropriation from that fund estimated to be
2 expended for that fiscal year. This Section does not apply to
3 any funds that are restricted by federal law to a specific use,
4 to any funds in the Motor Fuel Tax Fund, the Hospital Provider
5 Fund, the Medicaid Provider Relief Fund, the Education
6 Assistance Fund, the School District Property Tax Relief Fund,
7 the Higher Education Operating Assistance Fund, or the
8 Reviewing Court Alternative Dispute Resolution Fund, or to any
9 funds to which subsection (f) of Section 20-40 of the Nursing
10 and Advanced Practice Nursing Act applies. Notwithstanding any
11 other provision of this Section, for fiscal year 2004, the
12 total transfer under this Section from the Road Fund or the
13 State Construction Account Fund shall not exceed the lesser of
14 (i) 5% of the revenues to be deposited into the fund during
15 that fiscal year or (ii) 25% of the beginning balance in the
16 fund. For fiscal year 2005 through fiscal year 2007, no amounts
17 may be transferred under this Section from the Road Fund, the
18 State Construction Account Fund, the Criminal Justice
19 Information Systems Trust Fund, the Wireless Service Emergency
20 Fund, or the Mandatory Arbitration Fund.

21 In determining the available balance in a fund, the
22 Governor may include receipts, transfers into the fund, and
23 other resources anticipated to be available in the fund in that
24 fiscal year.

25 The State Treasurer and Comptroller shall transfer the
26 amounts designated under this Section as soon as may be
27 practicable after receiving the direction to transfer from the
28 Governor.

29 (b) This Section does not apply to any fund established
30 under the Community Senior Services and Resources Act.

31 (Source: P.A. 93-32, eff. 6-20-03; 93-659, eff. 2-3-04; 93-674,
32 eff. 6-10-04; 93-714, eff. 7-12-04; 93-801, eff. 7-22-04;
33 93-839, eff. 7-30-04; 93-1054, eff. 11-18-04; 93-1067, eff.
34 1-15-05.)

1 Section 10. The Illinois Income Tax Act is amended by
2 changing Sections 201 and 901 as follows:

3 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

4 Sec. 201. Tax Imposed.

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

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

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

19 (2) In the case of an individual, trust or estate, for
20 taxable years beginning prior to July 1, 1989 and ending
21 after June 30, 1989, an amount equal to the sum of (i) 2
22 1/2% of the taxpayer's net income for the period prior to
23 July 1, 1989, as calculated under Section 202.3, and (ii)
24 3% of the taxpayer's net income for the period after June
25 30, 1989, as calculated under Section 202.3.

26 (3) In the case of an individual, trust or estate, for
27 taxable years beginning after June 30, 1989 and beginning
28 on or before January 1, 2005, an amount equal to 3% of the
29 taxpayer's net income for the taxable year.

30 (4) In the case of an individual, trust or estate, for
31 taxable years beginning after January 1, 2005, an amount
32 equal to 5% of the taxpayer's net income for the taxable

1 year ~~(Blank)~~.

2 (5) (Blank).

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

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

13 (8) In the case of a corporation, for taxable years
14 beginning after June 30, 1989 and beginning on or before
15 January 1, 2005, an amount equal to 4.8% of the taxpayer's
16 net income for the taxable year.

17 (9) In the case of a corporation, for taxable years
18 beginning after January 1, 2005, an amount equal to 8% of
19 the taxpayer's net income for the taxable year.

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

33 (d) Additional Personal Property Tax Replacement Income
34 Tax Rates. The personal property tax replacement income tax

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

11 (d-1) Rate reduction for certain foreign insurers. In the
12 case of a foreign insurer, as defined by Section 35A-5 of the
13 Illinois Insurance Code, whose state or country of domicile
14 imposes on insurers domiciled in Illinois a retaliatory tax
15 (excluding any insurer whose premiums from reinsurance assumed
16 are 50% or more of its total insurance premiums as determined
17 under paragraph (2) of subsection (b) of Section 304, except
18 that for purposes of this determination premiums from
19 reinsurance do not include premiums from inter-affiliate
20 reinsurance arrangements), beginning with taxable years ending
21 on or after December 31, 1999, the sum of the rates of tax
22 imposed by subsections (b) and (d) shall be reduced (but not
23 increased) to the rate at which the total amount of tax imposed
24 under this Act, net of all credits allowed under this Act,
25 shall equal (i) the total amount of tax that would be imposed
26 on the foreign insurer's net income allocable to Illinois for
27 the taxable year by such foreign insurer's state or country of
28 domicile if that net income were subject to all income taxes
29 and taxes measured by net income imposed by such foreign
30 insurer's state or country of domicile, net of all credits
31 allowed or (ii) a rate of zero if no such tax is imposed on such
32 income by the foreign insurer's state of domicile. For the
33 purposes of this subsection (d-1), an inter-affiliate includes
34 a mutual insurer under common management.

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

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

7 (B) the privilege tax imposed by Section 409 of the
8 Illinois Insurance Code, the fire insurance company
9 tax imposed by Section 12 of the Fire Investigation
10 Act, and the fire department taxes imposed under
11 Section 11-10-1 of the Illinois Municipal Code,
12 equals 1.25% for taxable years ending prior to December 31,
13 2003, or 1.75% for taxable years ending on or after
14 December 31, 2003, of the net taxable premiums written for
15 the taxable year, as described by subsection (1) of Section
16 409 of the Illinois Insurance Code. This paragraph will in
17 no event increase the rates imposed under subsections (b)
18 and (d).

19 (2) Any reduction in the rates of tax imposed by this
20 subsection shall be applied first against the rates imposed
21 by subsection (b) and only after the tax imposed by
22 subsection (a) net of all credits allowed under this
23 Section other than the credit allowed under subsection (i)
24 has been reduced to zero, against the rates imposed by
25 subsection (d).

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

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

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

1 additional credit equal to .5% of the basis of qualified
2 property placed in service during the taxable year,
3 provided such property is placed in service on or after
4 July 1, 1986, and the taxpayer's base employment within
5 Illinois has increased by 1% or more over the preceding
6 year as determined by the taxpayer's employment records
7 filed with the Illinois Department of Employment Security.
8 Taxpayers who are new to Illinois shall be deemed to have
9 met the 1% growth in base employment for the first year in
10 which they file employment records with the Illinois
11 Department of Employment Security. The provisions added to
12 this Section by Public Act 85-1200 (and restored by Public
13 Act 87-895) shall be construed as declaratory of existing
14 law and not as a new enactment. If, in any year, the
15 increase in base employment within Illinois over the
16 preceding year is less than 1%, the additional credit shall
17 be limited to that percentage times a fraction, the
18 numerator of which is .5% and the denominator of which is
19 1%, but shall not exceed .5%. The investment credit shall
20 not be allowed to the extent that it would reduce a
21 taxpayer's liability in any tax year below zero, nor may
22 any credit for qualified property be allowed for any year
23 other than the year in which the property was placed in
24 service in Illinois. For tax years ending on or after
25 December 31, 1987, and on or before December 31, 1988, the
26 credit shall be allowed for the tax year in which the
27 property is placed in service, or, if the amount of the
28 credit exceeds the tax liability for that year, whether it
29 exceeds the original liability or the liability as later
30 amended, such excess may be carried forward and applied to
31 the tax liability of the 5 taxable years following the
32 excess credit years if the taxpayer (i) makes investments
33 which cause the creation of a minimum of 2,000 full-time
34 equivalent jobs in Illinois, (ii) is located in an

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

21 (2) The term "qualified property" means property
22 which:

23 (A) is tangible, whether new or used, including
24 buildings and structural components of buildings and
25 signs that are real property, but not including land or
26 improvements to real property that are not a structural
27 component of a building such as landscaping, sewer
28 lines, local access roads, fencing, parking lots, and
29 other appurtenances;

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

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

3 (D) is used in Illinois by a taxpayer who is
4 primarily engaged in manufacturing, or in mining coal
5 or fluorite, or in retailing; and

6 (E) has not previously been used in Illinois in
7 such a manner and by such a person as would qualify for
8 the credit provided by this subsection (e) or
9 subsection (f).

10 (3) For purposes of this subsection (e),
11 "manufacturing" means the material staging and production
12 of tangible personal property by procedures commonly
13 regarded as manufacturing, processing, fabrication, or
14 assembling which changes some existing material into new
15 shapes, new qualities, or new combinations. For purposes of
16 this subsection (e) the term "mining" shall have the same
17 meaning as the term "mining" in Section 613(c) of the
18 Internal Revenue Code. For purposes of this subsection (e),
19 the term "retailing" means the sale of tangible personal
20 property or services rendered in conjunction with the sale
21 of tangible consumer goods or commodities.

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

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

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

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

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

14 (8) Unless the investment credit is extended by law,
15 the basis of qualified property shall not include costs
16 incurred after December 31, 2008, except for costs incurred
17 pursuant to a binding contract entered into on or before
18 December 31, 2008.

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

1 For taxable years ending on or after December 31, 2000,
2 a partner that qualifies its partnership for a subtraction
3 under subparagraph (I) of paragraph (2) of subsection (d)
4 of Section 203 or a shareholder that qualifies a Subchapter
5 S corporation for a subtraction under subparagraph (S) of
6 paragraph (2) of subsection (b) of Section 203 shall be
7 allowed a credit under this subsection (e) equal to its
8 share of the credit earned under this subsection (e) during
9 the taxable year by the partnership or Subchapter S
10 corporation, determined in accordance with the
11 determination of income and distributive share of income
12 under Sections 702 and 704 and Subchapter S of the Internal
13 Revenue Code. This paragraph is exempt from the provisions
14 of Section 250.

15 (f) Investment credit; Enterprise Zone.

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

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

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

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

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

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

22 (D) is used in the Enterprise Zone by the taxpayer;
23 and

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

28 (3) The basis of qualified property shall be the basis
29 used to compute the depreciation deduction for federal
30 income tax purposes.

31 (4) If the basis of the property for federal income tax
32 depreciation purposes is increased after it has been placed
33 in service in the Enterprise Zone by the taxpayer, the
34 amount of such increase shall be deemed property placed in

1 service on the date of such increase in basis.

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

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

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

23 (1) A taxpayer conducting a trade or business in an
24 enterprise zone or a High Impact Business designated by the
25 Department of Commerce and Economic Opportunity conducting
26 a trade or business in a federally designated Foreign Trade
27 Zone or Sub-Zone shall be allowed a credit against the tax
28 imposed by subsections (a) and (b) of this Section in the
29 amount of \$500 per eligible employee hired to work in the
30 zone during the taxable year.

31 (2) To qualify for the credit:

32 (A) the taxpayer must hire 5 or more eligible
33 employees to work in an enterprise zone or federally
34 designated Foreign Trade Zone or Sub-Zone during the

1 taxable year;

2 (B) the taxpayer's total employment within the
3 enterprise zone or federally designated Foreign Trade
4 Zone or Sub-Zone must increase by 5 or more full-time
5 employees beyond the total employed in that zone at the
6 end of the previous tax year for which a jobs tax
7 credit under this Section was taken, or beyond the
8 total employed by the taxpayer as of December 31, 1985,
9 whichever is later; and

10 (C) the eligible employees must be employed 180
11 consecutive days in order to be deemed hired for
12 purposes of this subsection.

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

14 (A) Certified by the Department of Commerce and
15 Economic Opportunity as "eligible for services"
16 pursuant to regulations promulgated in accordance with
17 Title II of the Job Training Partnership Act, Training
18 Services for the Disadvantaged or Title III of the Job
19 Training Partnership Act, Employment and Training
20 Assistance for Dislocated Workers Program.

21 (B) Hired after the enterprise zone or federally
22 designated Foreign Trade Zone or Sub-Zone was
23 designated or the trade or business was located in that
24 zone, whichever is later.

25 (C) Employed in the enterprise zone or Foreign
26 Trade Zone or Sub-Zone. An employee is employed in an
27 enterprise zone or federally designated Foreign Trade
28 Zone or Sub-Zone if his services are rendered there or
29 it is the base of operations for the services
30 performed.

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

33 (4) For tax years ending on or after December 31, 1985
34 and prior to December 31, 1988, the credit shall be allowed

1 for the tax year in which the eligible employees are hired.
2 For tax years ending on or after December 31, 1988, the
3 credit shall be allowed for the tax year immediately
4 following the tax year in which the eligible employees are
5 hired. If the amount of the credit exceeds the tax
6 liability for that year, whether it exceeds the original
7 liability or the liability as later amended, such excess
8 may be carried forward and applied to the tax liability of
9 the 5 taxable years following the excess credit year. The
10 credit shall be applied to the earliest year for which
11 there is a liability. If there is credit from more than one
12 tax year that is available to offset a liability, earlier
13 credit shall be applied first.

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

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

19 (h) Investment credit; High Impact Business.

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

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

25 Changes made in this subdivision (h) (1) by Public Act
26 88-670 restore changes made by Public Act 85-1182 and
27 reflect existing law.

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

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

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

1 (h);

2 (C) is acquired by purchase as defined in Section
3 179(d) of the Internal Revenue Code; and

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

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

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

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

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

1 reduction.

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

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

22 Any credit earned on or after December 31, 1986 under this
23 subsection which is unused in the year the credit is computed
24 because it exceeds the tax liability imposed by subsections (a)
25 and (b) for that year (whether it exceeds the original
26 liability or the liability as later amended) may be carried
27 forward and applied to the tax liability imposed by subsections
28 (a) and (b) of the 5 taxable years following the excess credit
29 year, provided that no credit may be carried forward to any
30 year ending on or after December 31, 2003. This credit shall be
31 applied first to the earliest year for which there is a
32 liability. If there is a credit under this subsection from more
33 than one tax year that is available to offset a liability the
34 earliest credit arising under this subsection shall be applied

1 first.

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

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

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

1 first to the earliest year for which there is a liability. If
2 there is a credit under this subsection from more than one tax
3 year that is available to offset a liability the earliest
4 credit arising under this subsection shall be applied first. No
5 carryforward credit may be claimed in any tax year ending on or
6 after December 31, 2003.

7 (k) Research and development credit.

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

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

1 preceding the taxable year for which the determination is being
2 made.

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

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

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

26 (1) Environmental Remediation Tax Credit.

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

1 Section 58.14 of the Environmental Protection Act that were
2 paid in performing environmental remediation at a site for
3 which a No Further Remediation Letter was issued by the
4 Agency and recorded under Section 58.10 of the
5 Environmental Protection Act. The credit must be claimed
6 for the taxable year in which Agency approval of the
7 eligible remediation costs is granted. The credit is not
8 available to any taxpayer if the taxpayer or any related
9 party caused or contributed to, in any material respect, a
10 release of regulated substances on, in, or under the site
11 that was identified and addressed by the remedial action
12 pursuant to the Site Remediation Program of the
13 Environmental Protection Act. After the Pollution Control
14 Board rules are adopted pursuant to the Illinois
15 Administrative Procedure Act for the administration and
16 enforcement of Section 58.9 of the Environmental
17 Protection Act, determinations as to credit availability
18 for purposes of this Section shall be made consistent with
19 those rules. For purposes of this Section, "taxpayer"
20 includes a person whose tax attributes the taxpayer has
21 succeeded to under Section 381 of the Internal Revenue Code
22 and "related party" includes the persons disallowed a
23 deduction for losses by paragraphs (b), (c), and (f)(1) of
24 Section 267 of the Internal Revenue Code by virtue of being
25 a related taxpayer, as well as any of its partners. The
26 credit allowed against the tax imposed by subsections (a)
27 and (b) shall be equal to 25% of the unreimbursed eligible
28 remediation costs in excess of \$100,000 per site, except
29 that the \$100,000 threshold shall not apply to any site
30 contained in an enterprise zone as determined by the
31 Department of Commerce and Community Affairs (now
32 Department of Commerce and Economic Opportunity). The
33 total credit allowed shall not exceed \$40,000 per year with
34 a maximum total of \$150,000 per site. For partners and

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

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

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

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

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

12 For purposes of this subsection:

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

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

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

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

34 (Source: P.A. 92-12, eff. 7-1-01; 92-16, eff. 6-28-01; 92-651,

1 eff. 7-11-02; 93-840, eff. 7-30-04; 92-846, eff. 8-23-02;
2 93-29, eff. 6-20-03; 93-840, eff. 7-30-04; 93-871, eff. 8-6-04;
3 revised 10-25-04.)

4 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

5 Sec. 901. Collection Authority.

6 (a) In general.

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

23 (b) Local Governmental Distributive Fund.

24 Beginning August 1, 1969, and continuing through June 30,
25 1994, the Treasurer shall transfer each month from the General
26 Revenue Fund to a special fund in the State treasury, to be
27 known as the "Local Government Distributive Fund", an amount
28 equal to 1/12 of the net revenue realized from the tax imposed
29 by subsections (a) and (b) of Section 201 of this Act during
30 the preceding month. Beginning July 1, 1994, and continuing
31 through June 30, 1995, the Treasurer shall transfer each month
32 from the General Revenue Fund to the Local Government
33 Distributive Fund an amount equal to 1/11 of the net revenue

1 realized from the tax imposed by subsections (a) and (b) of
2 Section 201 of this Act during the preceding month. Beginning
3 July 1, 1995, the Treasurer shall transfer each month from the
4 General Revenue Fund to the Local Government Distributive Fund
5 an amount equal to the net of (i) 1/10 of the net revenue
6 realized from the tax imposed by subsections (a) and (b) of
7 Section 201 of the Illinois Income Tax Act during the preceding
8 month, except that the net revenue attributable to the increase
9 in the income tax imposed by subsections (a) and (b) of Section
10 201 of this Act in accordance with this amendatory Act of the
11 94th General Assembly shall not be used to calculate the amount
12 transferred to the Local Governmental Distributive Fund (ii)
13 minus, beginning July 1, 2003 and ending June 30, 2004,
14 \$6,666,666, and beginning July 1, 2004, zero. Net revenue
15 realized for a month shall be defined as the revenue from the
16 tax imposed by subsections (a) and (b) of Section 201 of this
17 Act which is deposited in the General Revenue Fund, the
18 Educational Assistance Fund and the Income Tax Surcharge Local
19 Government Distributive Fund during the month minus the amount
20 paid out of the General Revenue Fund in State warrants during
21 that same month as refunds to taxpayers for overpayment of
22 liability under the tax imposed by subsections (a) and (b) of
23 Section 201 of this Act.

24 (c) Deposits Into Income Tax Refund Fund.

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

1 Annual Percentage. For fiscal years 1999 through 2001, the
2 Annual Percentage shall be 7.1%. For fiscal year 2003, the
3 Annual Percentage shall be 8%. For fiscal year 2004, the
4 Annual Percentage shall be 11.7%. Upon the effective date
5 of this amendatory Act of the 93rd General Assembly, the
6 Annual Percentage shall be 10% for fiscal year 2005. For
7 all other fiscal years, the Annual Percentage shall be
8 calculated as a fraction, the numerator of which shall be
9 the amount of refunds approved for payment by the
10 Department during the preceding fiscal year as a result of
11 overpayment of tax liability under subsections (a) and
12 (b) (1), (2), and (3) of Section 201 of this Act plus the
13 amount of such refunds remaining approved but unpaid at the
14 end of the preceding fiscal year, minus the amounts
15 transferred into the Income Tax Refund Fund from the
16 Tobacco Settlement Recovery Fund, and the denominator of
17 which shall be the amounts which will be collected pursuant
18 to subsections (a) and (b) (1), (2), and (3) of Section 201
19 of this Act during the preceding fiscal year; except that
20 in State fiscal year 2002, the Annual Percentage shall in
21 no event exceed 7.6%. The Director of Revenue shall certify
22 the Annual Percentage to the Comptroller on the last
23 business day of the fiscal year immediately preceding the
24 fiscal year for which it is to be effective.

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

1 Annual Percentage. For fiscal years 1999, 2000, and 2001,
2 the Annual Percentage shall be 19%. For fiscal year 2003,
3 the Annual Percentage shall be 27%. For fiscal year 2004,
4 the Annual Percentage shall be 32%. Upon the effective date
5 of this amendatory Act of the 93rd General Assembly, the
6 Annual Percentage shall be 24% for fiscal year 2005. For
7 all other fiscal years, the Annual Percentage shall be
8 calculated as a fraction, the numerator of which shall be
9 the amount of refunds approved for payment by the
10 Department during the preceding fiscal year as a result of
11 overpayment of tax liability under subsections (a) and
12 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
13 Act plus the amount of such refunds remaining approved but
14 unpaid at the end of the preceding fiscal year, and the
15 denominator of which shall be the amounts which will be
16 collected pursuant to subsections (a) and (b) (6), (7), and
17 (8), (c) and (d) of Section 201 of this Act during the
18 preceding fiscal year; except that in State fiscal year
19 2002, the Annual Percentage shall in no event exceed 23%.
20 The Director of Revenue shall certify the Annual Percentage
21 to the Comptroller on the last business day of the fiscal
22 year immediately preceding the fiscal year for which it is
23 to be effective.

24 (3) The Comptroller shall order transferred and the
25 Treasurer shall transfer from the Tobacco Settlement
26 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
27 in January, 2001, (ii) \$35,000,000 in January, 2002, and
28 (iii) \$35,000,000 in January, 2003.

29 (d) Expenditures from Income Tax Refund Fund.

30 (1) Beginning January 1, 1989, money in the Income Tax
31 Refund Fund shall be expended exclusively for the purpose
32 of paying refunds resulting from overpayment of tax
33 liability under Section 201 of this Act, for paying rebates
34 under Section 208.1 in the event that the amounts in the

1 Homeowners' Tax Relief Fund are insufficient for that
2 purpose, and for making transfers pursuant to this
3 subsection (d).

4 (2) The Director shall order payment of refunds
5 resulting from overpayment of tax liability under Section
6 201 of this Act from the Income Tax Refund Fund only to the
7 extent that amounts collected pursuant to Section 201 of
8 this Act and transfers pursuant to this subsection (d) and
9 item (3) of subsection (c) have been deposited and retained
10 in the Fund.

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

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

1 (4.5) As soon as possible after the end of fiscal year
2 1999 and of each fiscal year thereafter, the Director shall
3 order transferred and the State Treasurer and State
4 Comptroller shall transfer from the Income Tax Refund Fund
5 to the General Revenue Fund any surplus remaining in the
6 Income Tax Refund Fund as of the end of such fiscal year;
7 excluding for fiscal years 2000, 2001, and 2002 amounts
8 attributable to transfers under item (3) of subsection (c)
9 less refunds resulting from the earned income tax credit.

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

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

16 On July 1, 2005 and thereafter, of the amounts collected
17 pursuant to subsections (a) and (b) of Section 201 of this Act,
18 minus deposits into the Income Tax Refund Fund, the Department
19 shall deposit into the Education Assistance Fund in the State
20 treasury: (i) an amount equal to 7.3% of the amount
21 attributable to the rates in effect prior to the effective date
22 of this amendatory Act of the 94th General Assembly, plus (ii)
23 100% of the amount attributable to the increase in the amounts
24 collected pursuant to subsections (a) and (b) of Section 201 of
25 this Act under this amendatory Act of the 94th General
26 Assembly. On July 1, 1991, and through June 30, 2005
27 ~~thereafter~~, of the amounts collected pursuant to subsections
28 (a) and (b) of Section 201 of this Act, minus deposits into the
29 Income Tax Refund Fund, the Department shall deposit 7.3% into
30 the Education Assistance Fund in the State Treasury. Beginning
31 July 1, 1991, and continuing through January 31, 1993, of the
32 amounts collected pursuant to subsections (a) and (b) of
33 Section 201 of the Illinois Income Tax Act, minus deposits into
34 the Income Tax Refund Fund, the Department shall deposit 3.0%

1 into the Income Tax Surcharge Local Government Distributive
2 Fund in the State Treasury. Beginning February 1, 1993 and
3 continuing through June 30, 1993, of the amounts collected
4 pursuant to subsections (a) and (b) of Section 201 of the
5 Illinois Income Tax Act, minus deposits into the Income Tax
6 Refund Fund, the Department shall deposit 4.4% into the Income
7 Tax Surcharge Local Government Distributive Fund in the State
8 Treasury. Beginning July 1, 1993, and continuing through June
9 30, 1994, of the amounts collected under subsections (a) and
10 (b) of Section 201 of this Act, minus deposits into the Income
11 Tax Refund Fund, the Department shall deposit 1.475% into the
12 Income Tax Surcharge Local Government Distributive Fund in the
13 State Treasury.

14 (Source: P.A. 92-11, eff. 6-11-01; 92-16, eff. 6-28-01; 92-600,
15 eff. 6-28-02; 93-32, eff. 6-20-03; 93-839, eff. 7-30-04.)

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

19 (35 ILCS 200/18-178 new)

20 Sec. 18-178. Education tax abatement. Beginning with taxes
21 levied for 2005 (payable in 2006), the county clerk must
22 determine the final extension for educational purposes for all
23 taxable property in a school district located in the county or
24 for the taxable property of that part of a school district
25 located in the county, taking into account the maximum rate,
26 levy, and extension authorized under the Property Tax Extension
27 Limitation Law, the Truth in Taxation Law, and any other
28 statute. The county clerk must then abate the extension for
29 educational purposes for each school district or part of a
30 school district in the county by the amount of the property tax
31 relief grant certified to the county clerk for that school
32 district or part of a school district by the Department of

1 Revenue under Section 6z-68 of the State Finance Act. When the
2 final extension for educational purposes has been determined
3 and abated, the county clerk must notify the Department of
4 Revenue. The county clerk must determine the prorated portion
5 of the certified property tax relief grants allocable to each
6 taxpayer in a given school district based on the tax rate for
7 educational purposes for that school district and the aggregate
8 relief granted to that school district. The extension amount
9 for educational purposes, as originally calculated before
10 abatement, is the official, final extension for educational
11 purposes and must be used for all other purposes, including
12 determining the maximum rate, levy, and extension authorized
13 under the Property Tax Extension Limitation Law, the Truth in
14 Taxation Law, and any other statute and the maximum amount of
15 tax anticipation warrants under Sections 17-16 and 34-23 of the
16 School Code.

17 (35 ILCS 200/18-255)

18 Sec. 18-255. Abstract of assessments and extensions. When
19 the collector's books are completed, the county clerk shall
20 make a complete statement of the assessment and extensions, in
21 conformity to the instructions of the Department. The clerk
22 shall certify the statement to the Department. Beginning with
23 the 2005 levy year, the Department shall require the statement
24 to include a separate listing of the amount of any extension
25 that is abated under Section 18-178 of this Act.

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

27 (35 ILCS 200/20-15)

28 Sec. 20-15. Information on bill or separate statement. The
29 amount of tax due and rates shown on the tax bill pursuant to
30 this Section shall be net of any abatement under Section
31 18-178. There shall be printed on each bill, or on a separate
32 slip which shall be mailed with the bill:

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

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

16 (c) the total tax rate,

17 (d) the total amount of tax due, ~~and~~

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

21 (f) the amount of tax abated under Section 18-178
22 labeled "Portion of your Education Related Property Taxes
23 paid by the State of Illinois".

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

27 In all counties the statement shall also provide:

28 (1) the property index number or other suitable
29 description,

30 (2) the assessment of the property,

31 (3) the equalization factors imposed by the county and
32 by the Department, and

33 (4) the equalized assessment resulting from the
34 application of the equalization factors to the basic

1 assessment.

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

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

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

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

31 (35 ILCS 200/21-30)

32 Sec. 21-30. Accelerated billing. Except as provided in this
33 Section, Section 9-260, and Section 21-40, in counties with

1 3,000,000 or more inhabitants, by January 31 annually,
2 estimated tax bills setting out the first installment of
3 property taxes for the preceding year, payable in that year,
4 shall be prepared and mailed. The first installment of taxes on
5 the estimated tax bills shall be computed at 50% of the total
6 of each tax bill before the abatement of taxes under Section
7 18-178 for the preceding year, less an estimate of one-half of
8 the school district property tax relief grant for the current
9 year determined based on information available. If, prior to
10 the preparation of the estimated tax bills, a certificate of
11 error has been either approved by a court on or before November
12 30 of the preceding year or certified pursuant to Section 14-15
13 on or before November 30 of the preceding year, then the first
14 installment of taxes on the estimated tax bills shall be
15 computed at 50% of the total taxes before the abatement of
16 taxes under Section 18-178 for the preceding year as corrected
17 by the certificate of error, less an estimate of one-half of
18 the school district property tax relief grant for the current
19 year determined based on information available. By June 30
20 annually, actual tax bills shall be prepared and mailed. These
21 bills shall set out total taxes due and the amount of estimated
22 taxes billed in the first installment, and shall state the
23 balance of taxes due for that year as represented by the sum
24 derived from subtracting the amount of the first installment
25 from the total taxes due for that year.

26 The county board may provide by ordinance, in counties with
27 3,000,000 or more inhabitants, for taxes to be paid in 4
28 installments. For the levy year for which the ordinance is
29 first effective and each subsequent year, estimated tax bills
30 setting out the first, second, and third installment of taxes
31 for the preceding year, payable in that year, shall be prepared
32 and mailed not later than the date specified by ordinance. Each
33 installment on estimated tax bills shall be computed at 25% of
34 the total of each tax bill for the preceding year. By the date

1 specified in the ordinance, actual tax bills shall be prepared
2 and mailed. These bills shall set out total taxes due and the
3 amount of estimated taxes billed in the first, second, and
4 third installments and shall state the balance of taxes due for
5 that year as represented by the sum derived from subtracting
6 the amount of the estimated installments from the total taxes
7 due for that year.

8 The county board of any county with less than 3,000,000
9 inhabitants may, by ordinance or resolution, adopt an
10 accelerated method of tax billing. The county board may
11 subsequently rescind the ordinance or resolution and revert to
12 the method otherwise provided for in this Code.

13 Taxes levied on homestead property in which a member of the
14 National Guard or reserves of the armed forces of the United
15 States who was called to active duty on or after August 1,
16 1990, and who has an ownership interest shall not be deemed
17 delinquent and no interest shall accrue or be charged as a
18 penalty on such taxes due and payable in 1991 or 1992 until one
19 year after that member returns to civilian status.

20 (Source: P.A. 92-475, eff. 8-23-01; 93-560, eff. 8-20-03.)

21 Section 20. The School Code is amended by changing Sections
22 18-8.05 and 18-19 and by adding Section 18-25 as follows:

23 (105 ILCS 5/18-8.05)

24 Sec. 18-8.05. Basis for apportionment of general State
25 financial aid and supplemental general State aid to the common
26 schools for the 1998-1999 and subsequent school years.

27 (A) General Provisions.

28 (1) The provisions of this Section apply to the 1998-1999
29 and subsequent school years. The system of general State
30 financial aid provided for in this Section is designed to
31 assure that, through a combination of State financial aid and

1 required local resources, the financial support provided each
2 pupil in Average Daily Attendance equals or exceeds a
3 prescribed per pupil Foundation Level. This formula approach
4 imputes a level of per pupil Available Local Resources and
5 provides for the basis to calculate a per pupil level of
6 general State financial aid that, when added to Available Local
7 Resources, equals or exceeds the Foundation Level. The amount
8 of per pupil general State financial aid for school districts,
9 in general, varies in inverse relation to Available Local
10 Resources. Per pupil amounts are based upon each school
11 district's Average Daily Attendance as that term is defined in
12 this Section.

13 (2) In addition to general State financial aid, school
14 districts with specified levels or concentrations of pupils
15 from low income households are eligible to receive supplemental
16 general State financial aid grants as provided pursuant to
17 subsection (H). The supplemental State aid grants provided for
18 school districts under subsection (H) shall be appropriated for
19 distribution to school districts as part of the same line item
20 in which the general State financial aid of school districts is
21 appropriated under this Section.

22 (3) To receive financial assistance under this Section,
23 school districts are required to file claims with the State
24 Board of Education, subject to the following requirements:

25 (a) Any school district which fails for any given
26 school year to maintain school as required by law, or to
27 maintain a recognized school is not eligible to file for
28 such school year any claim upon the Common School Fund. In
29 case of nonrecognition of one or more attendance centers in
30 a school district otherwise operating recognized schools,
31 the claim of the district shall be reduced in the
32 proportion which the Average Daily Attendance in the
33 attendance center or centers bear to the Average Daily
34 Attendance in the school district. A "recognized school"

1 means any public school which meets the standards as
2 established for recognition by the State Board of
3 Education. A school district or attendance center not
4 having recognition status at the end of a school term is
5 entitled to receive State aid payments due upon a legal
6 claim which was filed while it was recognized.

7 (b) School district claims filed under this Section are
8 subject to Sections 18-9, 18-10, and 18-12, except as
9 otherwise provided in this Section.

10 (c) If a school district operates a full year school
11 under Section 10-19.1, the general State aid to the school
12 district shall be determined by the State Board of
13 Education in accordance with this Section as near as may be
14 applicable.

15 (d) (Blank).

16 (4) Except as provided in subsections (H) and (L), the
17 board of any district receiving any of the grants provided for
18 in this Section may apply those funds to any fund so received
19 for which that board is authorized to make expenditures by law.

20 School districts are not required to exert a minimum
21 Operating Tax Rate in order to qualify for assistance under
22 this Section.

23 (5) As used in this Section the following terms, when
24 capitalized, shall have the meaning ascribed herein:

25 (a) "Average Daily Attendance": A count of pupil
26 attendance in school, averaged as provided for in
27 subsection (C) and utilized in deriving per pupil financial
28 support levels.

29 (b) "Available Local Resources": A computation of
30 local financial support, calculated on the basis of Average
31 Daily Attendance and derived as provided pursuant to
32 subsection (D).

33 (c) "Corporate Personal Property Replacement Taxes":
34 Funds paid to local school districts pursuant to "An Act in

1 relation to the abolition of ad valorem personal property
2 tax and the replacement of revenues lost thereby, and
3 amending and repealing certain Acts and parts of Acts in
4 connection therewith", certified August 14, 1979, as
5 amended (Public Act 81-1st S.S.-1).

6 (d) "Foundation Level": A prescribed level of per pupil
7 financial support as provided for in subsection (B).

8 (e) "Operating Tax Rate": All school district property
9 taxes extended for all purposes, except Bond and Interest,
10 Summer School, Rent, Capital Improvement, and Vocational
11 Education Building purposes.

12 (B) Foundation Level.

13 (1) The Foundation Level is a figure established by the
14 State representing the minimum level of per pupil financial
15 support that should be available to provide for the basic
16 education of each pupil in Average Daily Attendance. As set
17 forth in this Section, each school district is assumed to exert
18 a sufficient local taxing effort such that, in combination with
19 the aggregate of general State financial aid provided the
20 district, an aggregate of State and local resources are
21 available to meet the basic education needs of pupils in the
22 district.

23 (2) For the 1998-1999 school year, the Foundation Level of
24 support is \$4,225. For the 1999-2000 school year, the
25 Foundation Level of support is \$4,325. For the 2000-2001 school
26 year, the Foundation Level of support is \$4,425. For the
27 2001-2002 school year and 2002-2003 school year, the Foundation
28 Level of support is \$4,560. For the 2003-2004 school year, the
29 Foundation Level of support is \$4,810. For the 2004-2005 school
30 year, the Foundation Level of support is \$4,964.

31 (3) For the 2005-2006 ~~2004-2005~~ school year and each school
32 year thereafter, the Foundation Level of support is \$5,964
33 ~~\$4,964~~ ~~\$5,060~~ or such greater amount as may be established by

1 law by the General Assembly.

2 (C) Average Daily Attendance.

3 (1) For purposes of calculating general State aid pursuant
4 to subsection (E), an Average Daily Attendance figure shall be
5 utilized. The Average Daily Attendance figure for formula
6 calculation purposes shall be the monthly average of the actual
7 number of pupils in attendance of each school district, as
8 further averaged for the best 3 months of pupil attendance for
9 each school district. In compiling the figures for the number
10 of pupils in attendance, school districts and the State Board
11 of Education shall, for purposes of general State aid funding,
12 conform attendance figures to the requirements of subsection
13 (F).

14 (2) The Average Daily Attendance figures utilized in
15 subsection (E) shall be the requisite attendance data for the
16 school year immediately preceding the school year for which
17 general State aid is being calculated or the average of the
18 attendance data for the 3 preceding school years, whichever is
19 greater. The Average Daily Attendance figures utilized in
20 subsection (H) shall be the requisite attendance data for the
21 school year immediately preceding the school year for which
22 general State aid is being calculated.

23 (D) Available Local Resources.

24 (1) For purposes of calculating general State aid pursuant
25 to subsection (E), a representation of Available Local
26 Resources per pupil, as that term is defined and determined in
27 this subsection, shall be utilized. Available Local Resources
28 per pupil shall include a calculated dollar amount representing
29 local school district revenues from local property taxes and
30 from Corporate Personal Property Replacement Taxes, expressed
31 on the basis of pupils in Average Daily Attendance. Calculation
32 of Available Local Resources shall exclude any tax amnesty

1 funds received as a result of Public Act 93-26.

2 (2) In determining a school district's revenue from local
3 property taxes, the State Board of Education shall utilize the
4 equalized assessed valuation of all taxable property of each
5 school district as of September 30 of the previous year. The
6 equalized assessed valuation utilized shall be obtained and
7 determined as provided in subsection (G).

8 (3) For school districts maintaining grades kindergarten
9 through 12, local property tax revenues per pupil shall be
10 calculated as the product of the applicable equalized assessed
11 valuation for the district multiplied by 3.00%, and divided by
12 the district's Average Daily Attendance figure. For school
13 districts maintaining grades kindergarten through 8, local
14 property tax revenues per pupil shall be calculated as the
15 product of the applicable equalized assessed valuation for the
16 district multiplied by 2.30%, and divided by the district's
17 Average Daily Attendance figure. For school districts
18 maintaining grades 9 through 12, local property tax revenues
19 per pupil shall be the applicable equalized assessed valuation
20 of the district multiplied by 1.05%, and divided by the
21 district's Average Daily Attendance figure.

22 (4) The Corporate Personal Property Replacement Taxes paid
23 to each school district during the calendar year 2 years before
24 the calendar year in which a school year begins, divided by the
25 Average Daily Attendance figure for that district, shall be
26 added to the local property tax revenues per pupil as derived
27 by the application of the immediately preceding paragraph (3).
28 The sum of these per pupil figures for each school district
29 shall constitute Available Local Resources as that term is
30 utilized in subsection (E) in the calculation of general State
31 aid.

32 (E) Computation of General State Aid.

33 (1) For each school year, the amount of general State aid

1 allotted to a school district shall be computed by the State
2 Board of Education as provided in this subsection.

3 (2) For any school district for which Available Local
4 Resources per pupil is less than the product of 0.93 times the
5 Foundation Level, general State aid for that district shall be
6 calculated as an amount equal to the Foundation Level minus
7 Available Local Resources, multiplied by the Average Daily
8 Attendance of the school district.

9 (3) For any school district for which Available Local
10 Resources per pupil is equal to or greater than the product of
11 0.93 times the Foundation Level and less than the product of
12 1.75 times the Foundation Level, the general State aid per
13 pupil shall be a decimal proportion of the Foundation Level
14 derived using a linear algorithm. Under this linear algorithm,
15 the calculated general State aid per pupil shall decline in
16 direct linear fashion from 0.07 times the Foundation Level for
17 a school district with Available Local Resources equal to the
18 product of 0.93 times the Foundation Level, to 0.05 times the
19 Foundation Level for a school district with Available Local
20 Resources equal to the product of 1.75 times the Foundation
21 Level. The allocation of general State aid for school districts
22 subject to this paragraph 3 shall be the calculated general
23 State aid per pupil figure multiplied by the Average Daily
24 Attendance of the school district.

25 (4) For any school district for which Available Local
26 Resources per pupil equals or exceeds the product of 1.75 times
27 the Foundation Level, the general State aid for the school
28 district shall be calculated as the product of \$218 multiplied
29 by the Average Daily Attendance of the school district.

30 (5) The amount of general State aid allocated to a school
31 district for the 1999-2000 school year meeting the requirements
32 set forth in paragraph (4) of subsection (G) shall be increased
33 by an amount equal to the general State aid that would have
34 been received by the district for the 1998-1999 school year by

1 utilizing the Extension Limitation Equalized Assessed
2 Valuation as calculated in paragraph (4) of subsection (G) less
3 the general State aid allotted for the 1998-1999 school year.
4 This amount shall be deemed a one time increase, and shall not
5 affect any future general State aid allocations.

6 (F) Compilation of Average Daily Attendance.

7 (1) Each school district shall, by July 1 of each year,
8 submit to the State Board of Education, on forms prescribed by
9 the State Board of Education, attendance figures for the school
10 year that began in the preceding calendar year. The attendance
11 information so transmitted shall identify the average daily
12 attendance figures for each month of the school year. Beginning
13 with the general State aid claim form for the 2002-2003 school
14 year, districts shall calculate Average Daily Attendance as
15 provided in subdivisions (a), (b), and (c) of this paragraph
16 (1).

17 (a) In districts that do not hold year-round classes,
18 days of attendance in August shall be added to the month of
19 September and any days of attendance in June shall be added
20 to the month of May.

21 (b) In districts in which all buildings hold year-round
22 classes, days of attendance in July and August shall be
23 added to the month of September and any days of attendance
24 in June shall be added to the month of May.

25 (c) In districts in which some buildings, but not all,
26 hold year-round classes, for the non-year-round buildings,
27 days of attendance in August shall be added to the month of
28 September and any days of attendance in June shall be added
29 to the month of May. The average daily attendance for the
30 year-round buildings shall be computed as provided in
31 subdivision (b) of this paragraph (1). To calculate the
32 Average Daily Attendance for the district, the average
33 daily attendance for the year-round buildings shall be

1 multiplied by the days in session for the non-year-round
2 buildings for each month and added to the monthly
3 attendance of the non-year-round buildings.

4 Except as otherwise provided in this Section, days of
5 attendance by pupils shall be counted only for sessions of not
6 less than 5 clock hours of school work per day under direct
7 supervision of: (i) teachers, or (ii) non-teaching personnel or
8 volunteer personnel when engaging in non-teaching duties and
9 supervising in those instances specified in subsection (a) of
10 Section 10-22.34 and paragraph 10 of Section 34-18, with pupils
11 of legal school age and in kindergarten and grades 1 through
12 12.

13 Days of attendance by tuition pupils shall be accredited
14 only to the districts that pay the tuition to a recognized
15 school.

16 (2) Days of attendance by pupils of less than 5 clock hours
17 of school shall be subject to the following provisions in the
18 compilation of Average Daily Attendance.

19 (a) Pupils regularly enrolled in a public school for
20 only a part of the school day may be counted on the basis
21 of 1/6 day for every class hour of instruction of 40
22 minutes or more attended pursuant to such enrollment,
23 unless a pupil is enrolled in a block-schedule format of 80
24 minutes or more of instruction, in which case the pupil may
25 be counted on the basis of the proportion of minutes of
26 school work completed each day to the minimum number of
27 minutes that school work is required to be held that day.

28 (b) Days of attendance may be less than 5 clock hours
29 on the opening and closing of the school term, and upon the
30 first day of pupil attendance, if preceded by a day or days
31 utilized as an institute or teachers' workshop.

32 (c) A session of 4 or more clock hours may be counted
33 as a day of attendance upon certification by the regional
34 superintendent, and approved by the State Superintendent

1 of Education to the extent that the district has been
2 forced to use daily multiple sessions.

3 (d) A session of 3 or more clock hours may be counted
4 as a day of attendance (1) when the remainder of the school
5 day or at least 2 hours in the evening of that day is
6 utilized for an in-service training program for teachers,
7 up to a maximum of 5 days per school year of which a
8 maximum of 4 days of such 5 days may be used for
9 parent-teacher conferences, provided a district conducts
10 an in-service training program for teachers which has been
11 approved by the State Superintendent of Education; or, in
12 lieu of 4 such days, 2 full days may be used, in which
13 event each such day may be counted as a day of attendance;
14 and (2) when days in addition to those provided in item (1)
15 are scheduled by a school pursuant to its school
16 improvement plan adopted under Article 34 or its revised or
17 amended school improvement plan adopted under Article 2,
18 provided that (i) such sessions of 3 or more clock hours
19 are scheduled to occur at regular intervals, (ii) the
20 remainder of the school days in which such sessions occur
21 are utilized for in-service training programs or other
22 staff development activities for teachers, and (iii) a
23 sufficient number of minutes of school work under the
24 direct supervision of teachers are added to the school days
25 between such regularly scheduled sessions to accumulate
26 not less than the number of minutes by which such sessions
27 of 3 or more clock hours fall short of 5 clock hours. Any
28 full days used for the purposes of this paragraph shall not
29 be considered for computing average daily attendance. Days
30 scheduled for in-service training programs, staff
31 development activities, or parent-teacher conferences may
32 be scheduled separately for different grade levels and
33 different attendance centers of the district.

34 (e) A session of not less than one clock hour of

1 teaching hospitalized or homebound pupils on-site or by
2 telephone to the classroom may be counted as 1/2 day of
3 attendance, however these pupils must receive 4 or more
4 clock hours of instruction to be counted for a full day of
5 attendance.

6 (f) A session of at least 4 clock hours may be counted
7 as a day of attendance for first grade pupils, and pupils
8 in full day kindergartens, and a session of 2 or more hours
9 may be counted as 1/2 day of attendance by pupils in
10 kindergartens which provide only 1/2 day of attendance.

11 (g) For children with disabilities who are below the
12 age of 6 years and who cannot attend 2 or more clock hours
13 because of their disability or immaturity, a session of not
14 less than one clock hour may be counted as 1/2 day of
15 attendance; however for such children whose educational
16 needs so require a session of 4 or more clock hours may be
17 counted as a full day of attendance.

18 (h) A recognized kindergarten which provides for only
19 1/2 day of attendance by each pupil shall not have more
20 than 1/2 day of attendance counted in any one day. However,
21 kindergartens may count 2 1/2 days of attendance in any 5
22 consecutive school days. When a pupil attends such a
23 kindergarten for 2 half days on any one school day, the
24 pupil shall have the following day as a day absent from
25 school, unless the school district obtains permission in
26 writing from the State Superintendent of Education.
27 Attendance at kindergartens which provide for a full day of
28 attendance by each pupil shall be counted the same as
29 attendance by first grade pupils. Only the first year of
30 attendance in one kindergarten shall be counted, except in
31 case of children who entered the kindergarten in their
32 fifth year whose educational development requires a second
33 year of kindergarten as determined under the rules and
34 regulations of the State Board of Education.

1 (G) Equalized Assessed Valuation Data.

2 (1) For purposes of the calculation of Available Local
3 Resources required pursuant to subsection (D), the State Board
4 of Education shall secure from the Department of Revenue the
5 value as equalized or assessed by the Department of Revenue of
6 all taxable property of every school district, together with
7 (i) the applicable tax rate used in extending taxes for the
8 funds of the district as of September 30 of the previous year
9 and (ii) the limiting rate for all school districts subject to
10 property tax extension limitations as imposed under the
11 Property Tax Extension Limitation Law.

12 The Department of Revenue shall add to the equalized
13 assessed value of all taxable property of each school district
14 situated entirely or partially within a county that is or was
15 subject to the alternative general homestead exemption
16 provisions of Section 15-176 of the Property Tax Code (a) ~~(i)~~
17 an amount equal to the total amount by which the homestead
18 exemption allowed under Section 15-176 of the Property Tax Code
19 for real property situated in that school district exceeds the
20 total amount that would have been allowed in that school
21 district if the maximum reduction under Section 15-176 was (i)
22 \$4,500 in Cook County or \$3,500 in all other counties in tax
23 year 2003 or (ii) \$5,000 in all counties in tax year 2004 and
24 thereafter and (b) ~~(ii)~~ an amount equal to the aggregate amount
25 for the taxable year of all additional exemptions under Section
26 15-175 of the Property Tax Code for owners with a household
27 income of \$30,000 or less. The county clerk of any county that
28 is or was subject to the alternative general homestead
29 exemption provisions of Section 15-176 of the Property Tax Code
30 shall annually calculate and certify to the Department of
31 Revenue for each school district all homestead exemption
32 amounts under Section 15-176 of the Property Tax Code and all
33 amounts of additional exemptions under Section 15-175 of the

1 Property Tax Code for owners with a household income of \$30,000
2 or less. It is the intent of this paragraph that if the general
3 homestead exemption for a parcel of property is determined
4 under Section 15-176 of the Property Tax Code rather than
5 Section 15-175, then the calculation of Available Local
6 Resources shall not be affected by the difference, if any,
7 between the amount of the general homestead exemption allowed
8 for that parcel of property under Section 15-176 of the
9 Property Tax Code and the amount that would have been allowed
10 had the general homestead exemption for that parcel of property
11 been determined under Section 15-175 of the Property Tax Code.
12 It is further the intent of this paragraph that if additional
13 exemptions are allowed under Section 15-175 of the Property Tax
14 Code for owners with a household income of less than \$30,000,
15 then the calculation of Available Local Resources shall not be
16 affected by the difference, if any, because of those additional
17 exemptions.

18 This equalized assessed valuation, as adjusted further by
19 the requirements of this subsection, shall be utilized in the
20 calculation of Available Local Resources.

21 (2) The equalized assessed valuation in paragraph (1) shall
22 be adjusted, as applicable, in the following manner:

23 (a) For the purposes of calculating State aid under
24 this Section, with respect to any part of a school district
25 within a redevelopment project area in respect to which a
26 municipality has adopted tax increment allocation
27 financing pursuant to the Tax Increment Allocation
28 Redevelopment Act, Sections 11-74.4-1 through 11-74.4-11
29 of the Illinois Municipal Code or the Industrial Jobs
30 Recovery Law, Sections 11-74.6-1 through 11-74.6-50 of the
31 Illinois Municipal Code, no part of the current equalized
32 assessed valuation of real property located in any such
33 project area which is attributable to an increase above the
34 total initial equalized assessed valuation of such

1 property shall be used as part of the equalized assessed
2 valuation of the district, until such time as all
3 redevelopment project costs have been paid, as provided in
4 Section 11-74.4-8 of the Tax Increment Allocation
5 Redevelopment Act or in Section 11-74.6-35 of the
6 Industrial Jobs Recovery Law. For the purpose of the
7 equalized assessed valuation of the district, the total
8 initial equalized assessed valuation or the current
9 equalized assessed valuation, whichever is lower, shall be
10 used until such time as all redevelopment project costs
11 have been paid.

12 (b) The real property equalized assessed valuation for
13 a school district shall be adjusted by subtracting from the
14 real property value as equalized or assessed by the
15 Department of Revenue for the district an amount computed
16 by dividing the amount of any abatement of taxes under
17 Section 18-170 of the Property Tax Code by 3.00% for a
18 district maintaining grades kindergarten through 12, by
19 2.30% for a district maintaining grades kindergarten
20 through 8, or by 1.05% for a district maintaining grades 9
21 through 12 and adjusted by an amount computed by dividing
22 the amount of any abatement of taxes under subsection (a)
23 of Section 18-165 of the Property Tax Code by the same
24 percentage rates for district type as specified in this
25 subparagraph (b).

26 (3) For the 1999-2000 school year and each school year
27 thereafter, if a school district meets all of the criteria of
28 this subsection (G) (3), the school district's Available Local
29 Resources shall be calculated under subsection (D) using the
30 district's Extension Limitation Equalized Assessed Valuation
31 as calculated under this subsection (G) (3).

32 For purposes of this subsection (G) (3) the following terms
33 shall have the following meanings:

34 "Budget Year": The school year for which general State

1 aid is calculated and awarded under subsection (E).

2 "Base Tax Year": The property tax levy year used to
3 calculate the Budget Year allocation of general State aid.

4 "Preceding Tax Year": The property tax levy year
5 immediately preceding the Base Tax Year.

6 "Base Tax Year's Tax Extension": The product of the
7 equalized assessed valuation utilized by the County Clerk
8 in the Base Tax Year multiplied by the limiting rate as
9 calculated by the County Clerk and defined in the Property
10 Tax Extension Limitation Law.

11 "Preceding Tax Year's Tax Extension": The product of
12 the equalized assessed valuation utilized by the County
13 Clerk in the Preceding Tax Year multiplied by the Operating
14 Tax Rate as defined in subsection (A).

15 "Extension Limitation Ratio": A numerical ratio,
16 certified by the County Clerk, in which the numerator is
17 the Base Tax Year's Tax Extension and the denominator is
18 the Preceding Tax Year's Tax Extension.

19 "Operating Tax Rate": The operating tax rate as defined
20 in subsection (A).

21 If a school district is subject to property tax extension
22 limitations as imposed under the Property Tax Extension
23 Limitation Law, the State Board of Education shall calculate
24 the Extension Limitation Equalized Assessed Valuation of that
25 district. For the 1999-2000 school year, the Extension
26 Limitation Equalized Assessed Valuation of a school district as
27 calculated by the State Board of Education shall be equal to
28 the product of the district's 1996 Equalized Assessed Valuation
29 and the district's Extension Limitation Ratio. For the
30 2000-2001 school year and each school year thereafter, the
31 Extension Limitation Equalized Assessed Valuation of a school
32 district as calculated by the State Board of Education shall be
33 equal to the product of the Equalized Assessed Valuation last
34 used in the calculation of general State aid and the district's

1 Extension Limitation Ratio. If the Extension Limitation
2 Equalized Assessed Valuation of a school district as calculated
3 under this subsection (G)(3) is less than the district's
4 equalized assessed valuation as calculated pursuant to
5 subsections (G)(1) and (G)(2), then for purposes of calculating
6 the district's general State aid for the Budget Year pursuant
7 to subsection (E), that Extension Limitation Equalized
8 Assessed Valuation shall be utilized to calculate the
9 district's Available Local Resources under subsection (D).

10 (4) For the purposes of calculating general State aid for
11 the 1999-2000 school year only, if a school district
12 experienced a triennial reassessment on the equalized assessed
13 valuation used in calculating its general State financial aid
14 apportionment for the 1998-1999 school year, the State Board of
15 Education shall calculate the Extension Limitation Equalized
16 Assessed Valuation that would have been used to calculate the
17 district's 1998-1999 general State aid. This amount shall equal
18 the product of the equalized assessed valuation used to
19 calculate general State aid for the 1997-1998 school year and
20 the district's Extension Limitation Ratio. If the Extension
21 Limitation Equalized Assessed Valuation of the school district
22 as calculated under this paragraph (4) is less than the
23 district's equalized assessed valuation utilized in
24 calculating the district's 1998-1999 general State aid
25 allocation, then for purposes of calculating the district's
26 general State aid pursuant to paragraph (5) of subsection (E),
27 that Extension Limitation Equalized Assessed Valuation shall
28 be utilized to calculate the district's Available Local
29 Resources.

30 (5) For school districts having a majority of their
31 equalized assessed valuation in any county except Cook, DuPage,
32 Kane, Lake, McHenry, or Will, if the amount of general State
33 aid allocated to the school district for the 1999-2000 school
34 year under the provisions of subsection (E), (H), and (J) of

1 this Section is less than the amount of general State aid
2 allocated to the district for the 1998-1999 school year under
3 these subsections, then the general State aid of the district
4 for the 1999-2000 school year only shall be increased by the
5 difference between these amounts. The total payments made under
6 this paragraph (5) shall not exceed \$14,000,000. Claims shall
7 be prorated if they exceed \$14,000,000.

8 (H) Supplemental General State Aid.

9 (1) In addition to the general State aid a school district
10 is allotted pursuant to subsection (E), qualifying school
11 districts shall receive a grant, paid in conjunction with a
12 district's payments of general State aid, for supplemental
13 general State aid based upon the concentration level of
14 children from low-income households within the school
15 district. Supplemental State aid grants provided for school
16 districts under this subsection shall be appropriated for
17 distribution to school districts as part of the same line item
18 in which the general State financial aid of school districts is
19 appropriated under this Section. If the appropriation in any
20 fiscal year for general State aid and supplemental general
21 State aid is insufficient to pay the amounts required under the
22 general State aid and supplemental general State aid
23 calculations, then the State Board of Education shall ensure
24 that each school district receives the full amount due for
25 general State aid and the remainder of the appropriation shall
26 be used for supplemental general State aid, which the State
27 Board of Education shall calculate and pay to eligible
28 districts on a prorated basis.

29 (1.5) This paragraph (1.5) applies only to those school
30 years preceding the 2003-2004 school year. For purposes of this
31 subsection (H), the term "Low-Income Concentration Level"
32 shall be the low-income eligible pupil count from the most
33 recently available federal census divided by the Average Daily

1 Attendance of the school district. If, however, (i) the
2 percentage decrease from the 2 most recent federal censuses in
3 the low-income eligible pupil count of a high school district
4 with fewer than 400 students exceeds by 75% or more the
5 percentage change in the total low-income eligible pupil count
6 of contiguous elementary school districts, whose boundaries
7 are coterminous with the high school district, or (ii) a high
8 school district within 2 counties and serving 5 elementary
9 school districts, whose boundaries are coterminous with the
10 high school district, has a percentage decrease from the 2 most
11 recent federal censuses in the low-income eligible pupil count
12 and there is a percentage increase in the total low-income
13 eligible pupil count of a majority of the elementary school
14 districts in excess of 50% from the 2 most recent federal
15 censuses, then the high school district's low-income eligible
16 pupil count from the earlier federal census shall be the number
17 used as the low-income eligible pupil count for the high school
18 district, for purposes of this subsection (H). The changes made
19 to this paragraph (1) by Public Act 92-28 shall apply to
20 supplemental general State aid grants for school years
21 preceding the 2003-2004 school year that are paid in fiscal
22 year 1999 or thereafter and to any State aid payments made in
23 fiscal year 1994 through fiscal year 1998 pursuant to
24 subsection 1(n) of Section 18-8 of this Code (which was
25 repealed on July 1, 1998), and any high school district that is
26 affected by Public Act 92-28 is entitled to a recomputation of
27 its supplemental general State aid grant or State aid paid in
28 any of those fiscal years. This recomputation shall not be
29 affected by any other funding.

30 (1.10) This paragraph (1.10) applies to the 2003-2004
31 school year and each school year thereafter. For purposes of
32 this subsection (H), the term "Low-Income Concentration Level"
33 shall, for each fiscal year, be the low-income eligible pupil
34 count as of July 1 of the immediately preceding fiscal year (as

1 determined by the Department of Human Services based on the
2 number of pupils who are eligible for at least one of the
3 following low income programs: Medicaid, KidCare, TANF, or Food
4 Stamps, excluding pupils who are eligible for services provided
5 by the Department of Children and Family Services, averaged
6 over the 2 immediately preceding fiscal years for fiscal year
7 2004 and over the 3 immediately preceding fiscal years for each
8 fiscal year thereafter) divided by the Average Daily Attendance
9 of the school district.

10 (2) Supplemental general State aid pursuant to this
11 subsection (H) shall be provided as follows for the 1998-1999,
12 1999-2000, and 2000-2001 school years only:

13 (a) For any school district with a Low Income
14 Concentration Level of at least 20% and less than 35%, the
15 grant for any school year shall be \$800 multiplied by the
16 low income eligible pupil count.

17 (b) For any school district with a Low Income
18 Concentration Level of at least 35% and less than 50%, the
19 grant for the 1998-1999 school year shall be \$1,100
20 multiplied by the low income eligible pupil count.

21 (c) For any school district with a Low Income
22 Concentration Level of at least 50% and less than 60%, the
23 grant for the 1998-99 school year shall be \$1,500
24 multiplied by the low income eligible pupil count.

25 (d) For any school district with a Low Income
26 Concentration Level of 60% or more, the grant for the
27 1998-99 school year shall be \$1,900 multiplied by the low
28 income eligible pupil count.

29 (e) For the 1999-2000 school year, the per pupil amount
30 specified in subparagraphs (b), (c), and (d) immediately
31 above shall be increased to \$1,243, \$1,600, and \$2,000,
32 respectively.

33 (f) For the 2000-2001 school year, the per pupil
34 amounts specified in subparagraphs (b), (c), and (d)

1 immediately above shall be \$1,273, \$1,640, and \$2,050,
2 respectively.

3 (2.5) Supplemental general State aid pursuant to this
4 subsection (H) shall be provided as follows for the 2002-2003
5 school year:

6 (a) For any school district with a Low Income
7 Concentration Level of less than 10%, the grant for each
8 school year shall be \$355 multiplied by the low income
9 eligible pupil count.

10 (b) For any school district with a Low Income
11 Concentration Level of at least 10% and less than 20%, the
12 grant for each school year shall be \$675 multiplied by the
13 low income eligible pupil count.

14 (c) For any school district with a Low Income
15 Concentration Level of at least 20% and less than 35%, the
16 grant for each school year shall be \$1,330 multiplied by
17 the low income eligible pupil count.

18 (d) For any school district with a Low Income
19 Concentration Level of at least 35% and less than 50%, the
20 grant for each school year shall be \$1,362 multiplied by
21 the low income eligible pupil count.

22 (e) For any school district with a Low Income
23 Concentration Level of at least 50% and less than 60%, the
24 grant for each school year shall be \$1,680 multiplied by
25 the low income eligible pupil count.

26 (f) For any school district with a Low Income
27 Concentration Level of 60% or more, the grant for each
28 school year shall be \$2,080 multiplied by the low income
29 eligible pupil count.

30 (2.10) Except as otherwise provided, supplemental general
31 State aid pursuant to this subsection (H) shall be provided as
32 follows for the 2003-2004 school year and each school year
33 thereafter:

34 (a) For any school district with a Low Income

1 Concentration Level of 15% or less, the grant for each
2 school year shall be \$355 multiplied by the low income
3 eligible pupil count.

4 (b) For any school district with a Low Income
5 Concentration Level greater than 15%, the grant for each
6 school year shall be \$294.25 added to the product of \$2,700
7 and the square of the Low Income Concentration Level, all
8 multiplied by the low income eligible pupil count.

9 For the 2003-2004 and 2004-2005 school year only, the grant
10 shall be no less than the grant for the 2002-2003 school year.
11 For the 2005-2006 school year only, the grant shall be no less
12 than the grant for the 2002-2003 school year multiplied by
13 0.66. For the 2006-2007 school year only, the grant shall be no
14 less than the grant for the 2002-2003 school year multiplied by
15 0.33.

16 For the 2003-2004 school year only, the grant shall be no
17 greater than the grant received during the 2002-2003 school
18 year added to the product of 0.25 multiplied by the difference
19 between the grant amount calculated under subsection (a) or (b)
20 of this paragraph (2.10), whichever is applicable, and the
21 grant received during the 2002-2003 school year. For the
22 2004-2005 school year only, the grant shall be no greater than
23 the grant received during the 2002-2003 school year added to
24 the product of 0.50 multiplied by the difference between the
25 grant amount calculated under subsection (a) or (b) of this
26 paragraph (2.10), whichever is applicable, and the grant
27 received during the 2002-2003 school year. For the 2005-2006
28 school year only, the grant shall be no greater than the grant
29 received during the 2002-2003 school year added to the product
30 of 0.75 multiplied by the difference between the grant amount
31 calculated under subsection (a) or (b) of this paragraph
32 (2.10), whichever is applicable, and the grant received during
33 the 2002-2003 school year.

34 (3) School districts with an Average Daily Attendance of

1 more than 1,000 and less than 50,000 that qualify for
2 supplemental general State aid pursuant to this subsection
3 shall submit a plan to the State Board of Education prior to
4 October 30 of each year for the use of the funds resulting from
5 this grant of supplemental general State aid for the
6 improvement of instruction in which priority is given to
7 meeting the education needs of disadvantaged children. Such
8 plan shall be submitted in accordance with rules and
9 regulations promulgated by the State Board of Education.

10 (4) School districts with an Average Daily Attendance of
11 50,000 or more that qualify for supplemental general State aid
12 pursuant to this subsection shall be required to distribute
13 from funds available pursuant to this Section, no less than
14 \$261,000,000 in accordance with the following requirements:

15 (a) The required amounts shall be distributed to the
16 attendance centers within the district in proportion to the
17 number of pupils enrolled at each attendance center who are
18 eligible to receive free or reduced-price lunches or
19 breakfasts under the federal Child Nutrition Act of 1966
20 and under the National School Lunch Act during the
21 immediately preceding school year.

22 (b) The distribution of these portions of supplemental
23 and general State aid among attendance centers according to
24 these requirements shall not be compensated for or
25 contravened by adjustments of the total of other funds
26 appropriated to any attendance centers, and the Board of
27 Education shall utilize funding from one or several sources
28 in order to fully implement this provision annually prior
29 to the opening of school.

30 (c) Each attendance center shall be provided by the
31 school district a distribution of noncategorical funds and
32 other categorical funds to which an attendance center is
33 entitled under law in order that the general State aid and
34 supplemental general State aid provided by application of

1 this subsection supplements rather than supplants the
2 noncategorical funds and other categorical funds provided
3 by the school district to the attendance centers.

4 (d) Any funds made available under this subsection that
5 by reason of the provisions of this subsection are not
6 required to be allocated and provided to attendance centers
7 may be used and appropriated by the board of the district
8 for any lawful school purpose.

9 (e) Funds received by an attendance center pursuant to
10 this subsection shall be used by the attendance center at
11 the discretion of the principal and local school council
12 for programs to improve educational opportunities at
13 qualifying schools through the following programs and
14 services: early childhood education, reduced class size or
15 improved adult to student classroom ratio, enrichment
16 programs, remedial assistance, attendance improvement, and
17 other educationally beneficial expenditures which
18 supplement the regular and basic programs as determined by
19 the State Board of Education. Funds provided shall not be
20 expended for any political or lobbying purposes as defined
21 by board rule.

22 (f) Each district subject to the provisions of this
23 subdivision (H) (4) shall submit an acceptable plan to meet
24 the educational needs of disadvantaged children, in
25 compliance with the requirements of this paragraph, to the
26 State Board of Education prior to July 15 of each year.
27 This plan shall be consistent with the decisions of local
28 school councils concerning the school expenditure plans
29 developed in accordance with part 4 of Section 34-2.3. The
30 State Board shall approve or reject the plan within 60 days
31 after its submission. If the plan is rejected, the district
32 shall give written notice of intent to modify the plan
33 within 15 days of the notification of rejection and then
34 submit a modified plan within 30 days after the date of the

1 written notice of intent to modify. Districts may amend
2 approved plans pursuant to rules promulgated by the State
3 Board of Education.

4 Upon notification by the State Board of Education that
5 the district has not submitted a plan prior to July 15 or a
6 modified plan within the time period specified herein, the
7 State aid funds affected by that plan or modified plan
8 shall be withheld by the State Board of Education until a
9 plan or modified plan is submitted.

10 If the district fails to distribute State aid to
11 attendance centers in accordance with an approved plan, the
12 plan for the following year shall allocate funds, in
13 addition to the funds otherwise required by this
14 subsection, to those attendance centers which were
15 underfunded during the previous year in amounts equal to
16 such underfunding.

17 For purposes of determining compliance with this
18 subsection in relation to the requirements of attendance
19 center funding, each district subject to the provisions of
20 this subsection shall submit as a separate document by
21 December 1 of each year a report of expenditure data for
22 the prior year in addition to any modification of its
23 current plan. If it is determined that there has been a
24 failure to comply with the expenditure provisions of this
25 subsection regarding contravention or supplanting, the
26 State Superintendent of Education shall, within 60 days of
27 receipt of the report, notify the district and any affected
28 local school council. The district shall within 45 days of
29 receipt of that notification inform the State
30 Superintendent of Education of the remedial or corrective
31 action to be taken, whether by amendment of the current
32 plan, if feasible, or by adjustment in the plan for the
33 following year. Failure to provide the expenditure report
34 or the notification of remedial or corrective action in a

1 timely manner shall result in a withholding of the affected
2 funds.

3 The State Board of Education shall promulgate rules and
4 regulations to implement the provisions of this
5 subsection. No funds shall be released under this
6 subdivision (H)(4) to any district that has not submitted a
7 plan that has been approved by the State Board of
8 Education.

9 (I) General State Aid for Newly Configured School Districts.

10 (1) For a new school district formed by combining property
11 included totally within 2 or more previously existing school
12 districts, for its first year of existence the general State
13 aid and supplemental general State aid calculated under this
14 Section shall be computed for the new district and for the
15 previously existing districts for which property is totally
16 included within the new district. If the computation on the
17 basis of the previously existing districts is greater, a
18 supplementary payment equal to the difference shall be made for
19 the first 4 years of existence of the new district.

20 (2) For a school district which annexes all of the
21 territory of one or more entire other school districts, for the
22 first year during which the change of boundaries attributable
23 to such annexation becomes effective for all purposes as
24 determined under Section 7-9 or 7A-8, the general State aid and
25 supplemental general State aid calculated under this Section
26 shall be computed for the annexing district as constituted
27 after the annexation and for the annexing and each annexed
28 district as constituted prior to the annexation; and if the
29 computation on the basis of the annexing and annexed districts
30 as constituted prior to the annexation is greater, a
31 supplementary payment equal to the difference shall be made for
32 the first 4 years of existence of the annexing school district
33 as constituted upon such annexation.

1 (3) For 2 or more school districts which annex all of the
2 territory of one or more entire other school districts, and for
3 2 or more community unit districts which result upon the
4 division (pursuant to petition under Section 11A-2) of one or
5 more other unit school districts into 2 or more parts and which
6 together include all of the parts into which such other unit
7 school district or districts are so divided, for the first year
8 during which the change of boundaries attributable to such
9 annexation or division becomes effective for all purposes as
10 determined under Section 7-9 or 11A-10, as the case may be, the
11 general State aid and supplemental general State aid calculated
12 under this Section shall be computed for each annexing or
13 resulting district as constituted after the annexation or
14 division and for each annexing and annexed district, or for
15 each resulting and divided district, as constituted prior to
16 the annexation or division; and if the aggregate of the general
17 State aid and supplemental general State aid as so computed for
18 the annexing or resulting districts as constituted after the
19 annexation or division is less than the aggregate of the
20 general State aid and supplemental general State aid as so
21 computed for the annexing and annexed districts, or for the
22 resulting and divided districts, as constituted prior to the
23 annexation or division, then a supplementary payment equal to
24 the difference shall be made and allocated between or among the
25 annexing or resulting districts, as constituted upon such
26 annexation or division, for the first 4 years of their
27 existence. The total difference payment shall be allocated
28 between or among the annexing or resulting districts in the
29 same ratio as the pupil enrollment from that portion of the
30 annexed or divided district or districts which is annexed to or
31 included in each such annexing or resulting district bears to
32 the total pupil enrollment from the entire annexed or divided
33 district or districts, as such pupil enrollment is determined
34 for the school year last ending prior to the date when the

1 change of boundaries attributable to the annexation or division
2 becomes effective for all purposes. The amount of the total
3 difference payment and the amount thereof to be allocated to
4 the annexing or resulting districts shall be computed by the
5 State Board of Education on the basis of pupil enrollment and
6 other data which shall be certified to the State Board of
7 Education, on forms which it shall provide for that purpose, by
8 the regional superintendent of schools for each educational
9 service region in which the annexing and annexed districts, or
10 resulting and divided districts are located.

11 (3.5) Claims for financial assistance under this
12 subsection (I) shall not be recomputed except as expressly
13 provided under this Section.

14 (4) Any supplementary payment made under this subsection
15 (I) shall be treated as separate from all other payments made
16 pursuant to this Section.

17 (J) Supplementary Grants in Aid.

18 (1) Notwithstanding any other provisions of this Section,
19 the amount of the aggregate general State aid in combination
20 with supplemental general State aid under this Section for
21 which each school district is eligible shall be no less than
22 the amount of the aggregate general State aid entitlement that
23 was received by the district under Section 18-8 (exclusive of
24 amounts received under subsections 5(p) and 5(p-5) of that
25 Section) for the 1997-98 school year, pursuant to the
26 provisions of that Section as it was then in effect. If a
27 school district qualifies to receive a supplementary payment
28 made under this subsection (J), the amount of the aggregate
29 general State aid in combination with supplemental general
30 State aid under this Section which that district is eligible to
31 receive for each school year shall be no less than the amount
32 of the aggregate general State aid entitlement that was
33 received by the district under Section 18-8 (exclusive of

1 amounts received under subsections 5(p) and 5(p-5) of that
2 Section) for the 1997-1998 school year, pursuant to the
3 provisions of that Section as it was then in effect.

4 (2) If, as provided in paragraph (1) of this subsection
5 (J), a school district is to receive aggregate general State
6 aid in combination with supplemental general State aid under
7 this Section for the 1998-99 school year and any subsequent
8 school year that in any such school year is less than the
9 amount of the aggregate general State aid entitlement that the
10 district received for the 1997-98 school year, the school
11 district shall also receive, from a separate appropriation made
12 for purposes of this subsection (J), a supplementary payment
13 that is equal to the amount of the difference in the aggregate
14 State aid figures as described in paragraph (1).

15 (3) (Blank).

16 (K) Grants to Laboratory and Alternative Schools.

17 In calculating the amount to be paid to the governing board
18 of a public university that operates a laboratory school under
19 this Section or to any alternative school that is operated by a
20 regional superintendent of schools, the State Board of
21 Education shall require by rule such reporting requirements as
22 it deems necessary.

23 As used in this Section, "laboratory school" means a public
24 school which is created and operated by a public university and
25 approved by the State Board of Education. The governing board
26 of a public university which receives funds from the State
27 Board under this subsection (K) may not increase the number of
28 students enrolled in its laboratory school from a single
29 district, if that district is already sending 50 or more
30 students, except under a mutual agreement between the school
31 board of a student's district of residence and the university
32 which operates the laboratory school. A laboratory school may
33 not have more than 1,000 students, excluding students with

1 disabilities in a special education program.

2 As used in this Section, "alternative school" means a
3 public school which is created and operated by a Regional
4 Superintendent of Schools and approved by the State Board of
5 Education. Such alternative schools may offer courses of
6 instruction for which credit is given in regular school
7 programs, courses to prepare students for the high school
8 equivalency testing program or vocational and occupational
9 training. A regional superintendent of schools may contract
10 with a school district or a public community college district
11 to operate an alternative school. An alternative school serving
12 more than one educational service region may be established by
13 the regional superintendents of schools of the affected
14 educational service regions. An alternative school serving
15 more than one educational service region may be operated under
16 such terms as the regional superintendents of schools of those
17 educational service regions may agree.

18 Each laboratory and alternative school shall file, on forms
19 provided by the State Superintendent of Education, an annual
20 State aid claim which states the Average Daily Attendance of
21 the school's students by month. The best 3 months' Average
22 Daily Attendance shall be computed for each school. The general
23 State aid entitlement shall be computed by multiplying the
24 applicable Average Daily Attendance by the Foundation Level as
25 determined under this Section.

26 (L) Payments, Additional Grants in Aid and Other Requirements.

27 (1) For a school district operating under the financial
28 supervision of an Authority created under Article 34A, the
29 general State aid otherwise payable to that district under this
30 Section, but not the supplemental general State aid, shall be
31 reduced by an amount equal to the budget for the operations of
32 the Authority as certified by the Authority to the State Board
33 of Education, and an amount equal to such reduction shall be

1 paid to the Authority created for such district for its
2 operating expenses in the manner provided in Section 18-11. The
3 remainder of general State school aid for any such district
4 shall be paid in accordance with Article 34A when that Article
5 provides for a disposition other than that provided by this
6 Article.

7 (2) (Blank).

8 (3) Summer school. Summer school payments shall be made as
9 provided in Section 18-4.3.

10 (M) Education Funding Advisory Board.

11 The Education Funding Advisory Board, hereinafter in this
12 subsection (M) referred to as the "Board", is hereby created.
13 The Board shall consist of 5 members who are appointed by the
14 Governor, by and with the advice and consent of the Senate. The
15 members appointed shall include representatives of education,
16 business, and the general public. One of the members so
17 appointed shall be designated by the Governor at the time the
18 appointment is made as the chairperson of the Board. The
19 initial members of the Board may be appointed any time after
20 the effective date of this amendatory Act of 1997. The regular
21 term of each member of the Board shall be for 4 years from the
22 third Monday of January of the year in which the term of the
23 member's appointment is to commence, except that of the 5
24 initial members appointed to serve on the Board, the member who
25 is appointed as the chairperson shall serve for a term that
26 commences on the date of his or her appointment and expires on
27 the third Monday of January, 2002, and the remaining 4 members,
28 by lots drawn at the first meeting of the Board that is held
29 after all 5 members are appointed, shall determine 2 of their
30 number to serve for terms that commence on the date of their
31 respective appointments and expire on the third Monday of
32 January, 2001, and 2 of their number to serve for terms that
33 commence on the date of their respective appointments and

1 expire on the third Monday of January, 2000. All members
2 appointed to serve on the Board shall serve until their
3 respective successors are appointed and confirmed. Vacancies
4 shall be filled in the same manner as original appointments. If
5 a vacancy in membership occurs at a time when the Senate is not
6 in session, the Governor shall make a temporary appointment
7 until the next meeting of the Senate, when he or she shall
8 appoint, by and with the advice and consent of the Senate, a
9 person to fill that membership for the unexpired term. If the
10 Senate is not in session when the initial appointments are
11 made, those appointments shall be made as in the case of
12 vacancies.

13 The Education Funding Advisory Board shall be deemed
14 established, and the initial members appointed by the Governor
15 to serve as members of the Board shall take office, on the date
16 that the Governor makes his or her appointment of the fifth
17 initial member of the Board, whether those initial members are
18 then serving pursuant to appointment and confirmation or
19 pursuant to temporary appointments that are made by the
20 Governor as in the case of vacancies.

21 The State Board of Education shall provide such staff
22 assistance to the Education Funding Advisory Board as is
23 reasonably required for the proper performance by the Board of
24 its responsibilities.

25 For school years after the 2000-2001 school year, the
26 Education Funding Advisory Board, in consultation with the
27 State Board of Education, shall make recommendations as
28 provided in this subsection (M) to the General Assembly for the
29 foundation level under subsection (B) ~~subdivision (B) (3)~~ of
30 this Section and for the supplemental general State aid grant
31 level under subsection (H) of this Section for districts with
32 high concentrations of children from poverty. The recommended
33 foundation level shall be determined based on a methodology
34 which incorporates the basic education expenditures of

1 low-spending schools exhibiting high academic performance. The
2 Education Funding Advisory Board shall make such
3 recommendations to the General Assembly on January 1 of odd
4 numbered years, beginning January 1, 2001.

5 (N) (Blank).

6 (O) References.

7 (1) References in other laws to the various subdivisions of
8 Section 18-8 as that Section existed before its repeal and
9 replacement by this Section 18-8.05 shall be deemed to refer to
10 the corresponding provisions of this Section 18-8.05, to the
11 extent that those references remain applicable.

12 (2) References in other laws to State Chapter 1 funds shall
13 be deemed to refer to the supplemental general State aid
14 provided under subsection (H) of this Section.

15 (P) Public Act 93-838 ~~This amendatory Act of the 93rd General~~
16 ~~Assembly~~ and Public Act 93-808 ~~House Bill 4266 of the 93rd~~
17 ~~General Assembly~~ make inconsistent changes to this Section. ~~If~~
18 ~~House Bill 4266 becomes law, then~~ Under Section 6 of the
19 Statute on Statutes there is an irreconcilable conflict between
20 Public Act 93-808 and Public Act 93-838 ~~House Bill 4266 and~~
21 ~~this amendatory Act.~~ Public Act 93-838 ~~This amendatory Act,~~
22 being the last acted upon, is controlling. The text of Public
23 Act 93-838 ~~this amendatory Act~~ is the law regardless of the
24 text of Public Act 93-808 ~~House Bill 4266~~.

25 (Source: P.A. 92-16, eff. 6-28-01; 92-28, eff. 7-1-01; 92-29,
26 eff. 7-1-01; 92-269, eff. 8-7-01; 92-604, eff. 7-1-02; 92-636,
27 eff. 7-11-02; 92-651, eff. 7-11-02; 93-21, eff. 7-1-03; 93-715,
28 eff. 7-12-04; 93-808, eff. 7-26-04; 93-838, eff. 7-30-04;
29 93-875, eff. 8-6-04; revised 10-21-04.)

30 (105 ILCS 5/18-19) (from Ch. 122, par. 18-19)

1 Sec. 18-19. The State Board of Education shall ~~may~~ make
2 distributions of moneys ~~monies~~ from the Education Assistance
3 Fund, pursuant to appropriation, in addition to such sums as
4 may have been otherwise appropriated for the same purpose, for
5 any of the purposes set forth in this Article, subject to the
6 same terms and conditions that apply to distributions under the
7 several sections of this Article, respectively, and as follows:

8 (1) \$500,000,000 per year to the Higher Education
9 Operating Assistance Fund.

10 (2) Moneys to the School District Property Tax Relief
11 Fund, as specified in Section 6z-68 of the State Finance
12 Act.

13 (3) Moneys sufficient to fund the foundation level
14 increase under Section 18-8.05 of this Code provided in
15 this amendatory Act of the 94th General Assembly.

16 (Source: P.A. 86-18.)

17 (105 ILCS 5/18-25 new)

18 Sec. 18-25. Education Assistance Fund Board. The Education
19 Assistance Fund Board is established. The Board shall consist
20 of 4 members of the General Assembly. The Senate President, the
21 Senate Minority Leader, the Speaker of the House of
22 Representatives, and the House Minority Leader shall each
23 appoint one member to the Board. The members of the Board shall
24 designate one of the members to serve as chairperson. All
25 members shall serve until their respective successors are
26 appointed or until they cease to be members of the General
27 Assembly, whichever occurs first. Vacancies shall be filled in
28 the same manner as the original appointments.

29 For school years after the 2005-2006 school year and every
30 2 fiscal years thereafter, the Board must make a recommendation
31 to the General Assembly concerning appropriations from the
32 Education Assistance Fund. The Board must make its
33 recommendation to the General Assembly on April 1 of each even

1 numbered year, beginning on April 1, 2008.

2 Section 25. The Public Community College Act is amended by
3 changing Section 2-16.02 as follows:

4 (110 ILCS 805/2-16.02) (from Ch. 122, par. 102-16.02)

5 Sec. 2-16.02. Grants. Any community college district that
6 maintains a community college recognized by the State Board
7 shall receive, when eligible, grants enumerated in this
8 Section. Funded semester credit hours or other measures or both
9 as specified by the State Board shall be used to distribute
10 grants to community colleges. Funded semester credit hours
11 shall be defined, for purposes of this Section, as the greater
12 of (1) the number of semester credit hours, or equivalent, in
13 all funded instructional categories of students who have been
14 certified as being in attendance at midterm during the
15 respective terms of the base fiscal year or (2) the average of
16 semester credit hours, or equivalent, in all funded
17 instructional categories of students who have been certified as
18 being in attendance at midterm during the respective terms of
19 the base fiscal year and the 2 prior fiscal years. For purposes
20 of this Section, "base fiscal year" means the fiscal year 2
21 years prior to the fiscal year for which the grants are
22 appropriated. Such students shall have been residents of
23 Illinois and shall have been enrolled in courses that are part
24 of instructional program categories approved by the State Board
25 and that are applicable toward an associate degree or
26 certificate. Courses that are eligible for reimbursement are
27 those courses for which the district pays 50% or more of the
28 program costs from unrestricted revenue sources, with the
29 exception of courses offered by contract with the Department of
30 Corrections in correctional institutions. For the purposes of
31 this Section, "unrestricted revenue sources" means those
32 revenues in which the provider of the revenue imposes no

1 financial limitations upon the district as it relates to the
2 expenditure of the funds.

3 Base operating grants shall be paid based on rates per
4 funded semester credit hour or equivalent calculated by the
5 State Board for funded instructional categories using cost of
6 instruction, enrollment, inflation, and other relevant
7 factors. A portion of the base operating grant shall be
8 allocated on the basis of non-residential gross square footage
9 of space maintained by the district.

10 Supplemental base operating grants shall be paid from the
11 Higher Education Operating Assistance Fund based on rates per
12 funded semester credit hour or equivalent calculated by the
13 State Board for funded instructional categories using cost of
14 instruction, enrollment, inflation, and other relevant
15 factors. A portion of the supplemental base operating grant
16 shall be allocated on the basis of non-residential gross square
17 footage of space maintained by the district.

18 Equalization grants shall be calculated by the State Board
19 by determining a local revenue factor for each district by: (A)
20 adding (1) each district's Corporate Personal Property
21 Replacement Fund allocations from the base fiscal year or the
22 average of the base fiscal year and prior year, whichever is
23 less, divided by the applicable statewide average tax rate to
24 (2) the district's most recently audited year's equalized
25 assessed valuation or the average of the most recently audited
26 year and prior year, whichever is less, (B) then dividing by
27 the district's audited full-time equivalent resident students
28 for the base fiscal year or the average for the base fiscal
29 year and the 2 prior fiscal years, whichever is greater, and
30 (C) then multiplying by the applicable statewide average tax
31 rate. The State Board shall calculate a statewide weighted
32 average threshold by applying the same methodology to the
33 totals of all districts' Corporate Personal Property Tax
34 Replacement Fund allocations, equalized assessed valuations,

1 and audited full-time equivalent district resident students
2 and multiplying by the applicable statewide average tax rate.
3 The difference between the statewide weighted average
4 threshold and the local revenue factor, multiplied by the
5 number of full-time equivalent resident students, shall
6 determine the amount of equalization funding that each district
7 is eligible to receive. A percentage factor, as determined by
8 the State Board, may be applied to the statewide threshold as a
9 method for allocating equalization funding. A minimum
10 equalization grant of an amount per district as determined by
11 the State Board shall be established for any community college
12 district which qualifies for an equalization grant based upon
13 the preceding criteria, but becomes ineligible for
14 equalization funding, or would have received a grant of less
15 than the minimum equalization grant, due to threshold
16 prorations applied to reduce equalization funding. As of July
17 1, 2004, a community college district must maintain a minimum
18 required combined in-district tuition and universal fee rate
19 per semester credit hour equal to 85% of the State-average
20 combined rate, as determined by the State Board, for
21 equalization funding. As of July 1, 2004, a community college
22 district must maintain a minimum required operating tax rate
23 equal to at least 95% of its maximum authorized tax rate to
24 qualify for equalization funding. This 95% minimum tax rate
25 requirement shall be based upon the maximum operating tax rate
26 as limited by the Property Tax Extension Limitation Law.

27 The State Board shall distribute such other grants as may
28 be authorized or appropriated by the General Assembly.

29 Each community college district entitled to State grants
30 under this Section must submit a report of its enrollment to
31 the State Board not later than 30 days following the end of
32 each semester, quarter, or term in a format prescribed by the
33 State Board. These semester credit hours, or equivalent, shall
34 be certified by each district on forms provided by the State

1 Board. Each district's certified semester credit hours, or
2 equivalent, are subject to audit pursuant to Section 3-22.1.

3 The State Board shall certify, prepare, and submit to the
4 State Comptroller during August, November, February, and May of
5 each fiscal year vouchers setting forth an amount equal to 25%
6 of the grants approved by the State Board for base operating
7 grants and equalization grants. The State Board shall prepare
8 and submit to the State Comptroller vouchers for payments of
9 other grants as appropriated by the General Assembly. If the
10 amount appropriated for grants is different from the amount
11 provided for such grants under this Act, the grants shall be
12 proportionately reduced or increased accordingly.

13 For the purposes of this Section, "resident student" means
14 a student in a community college district who maintains
15 residency in that district or meets other residency definitions
16 established by the State Board, and who was enrolled either in
17 one of the approved instructional program categories in that
18 district, or in another community college district to which the
19 resident's district is paying tuition under Section 6-2 or with
20 which the resident's district has entered into a cooperative
21 agreement in lieu of such tuition.

22 For the purposes of this Section, a "full-time equivalent"
23 student is equal to 30 semester credit hours.

24 The Illinois Community College Board Contracts and Grants
25 Fund is hereby created in the State Treasury. Items of income
26 to this fund shall include any grants, awards, endowments, or
27 like proceeds, and where appropriate, other funds made
28 available through contracts with governmental, public, and
29 private agencies or persons. The General Assembly shall from
30 time to time make appropriations payable from such fund for the
31 support, improvement, and expenses of the State Board and
32 Illinois community college districts.

33 (Source: P.A. 93-21, eff. 7-1-03.)

1 Section 99. Effective date. This Act takes effect upon
2 becoming law.".