

**94TH GENERAL ASSEMBLY****State of Illinois****2005 and 2006****SB1484**

Introduced 2/23/2005, by Sen. Richard J. Winkel, Jr.

**SYNOPSIS AS INTRODUCED:**

See Index

Amends the State Finance Act. Creates the School District Property Tax Relief Fund. Requires the General Assembly, in FY06, to appropriate \$3.5 billion from the education appropriation minimum to the School District Property Tax Relief Fund and to appropriate additional amounts each fiscal year thereafter. Requires the Department of Revenue to annually determine and certify the total amount of property tax relief grants that each school district will receive from the Fund. Sets forth procedures for appropriating these grants. Creates the Higher Education Operating Assistance Fund for the purpose of making grants to colleges and universities. Requires the General Assembly to annually appropriate \$500 million to the Fund. Sets forth requirements for appropriating and using moneys from the Fund. Amends the Illinois Income Tax Act. Provides that for taxable years beginning after January 1, 2005, the rate of income tax for individuals, trusts, and estates is increased from 3% to 5% of the taxpayer's net income and the rate of income tax for corporations is increased from 4.8% to 8% of the taxpayer's net income. Provides that the amount of net revenues attributable to those increases shall not be used to calculate the amount transferred into the Local Governmental Distributive Fund. Beginning July 1, 2005, requires 100% of the amount attributable to the income tax increases be deposited into the Education Assistance Fund. Amends the Property Tax Code. Requires the county clerk to abate the extension for educational purposes for each school district in the county by the amount of the property tax relief grants received by each of those school districts. Amends the School Code. In the State aid formula provisions, increases the foundation level of support and grant amount for supplemental general State aid. Changes the distribution of moneys from the Education Assistance Fund. Establishes the Education Assistance Fund Board to make biennial recommendations to the General Assembly concerning appropriations from the Education Assistance Fund. Amends the Public Community College Act. Establishes supplemental base operating grants for all community college districts. Effective immediately.

LRB094 10846 MKM 41371 b

FISCAL NOTE ACT  
MAY APPLYHOUSING  
AFFORDABILITY  
IMPACT NOTE ACT  
MAY APPLY

1 AN ACT concerning education.

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

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  
23 from the School District Property Tax Relief Fund in each  
24 fiscal year.

25 (c) Beginning in fiscal year 2006, the General Assembly  
26 shall appropriate \$3.5 billion from the Education Assistance  
27 Fund to the School District Property Tax Relief Fund. In each  
28 fiscal year thereafter, the General Assembly shall appropriate  
29 an amount from the Education Assistance Fund to the School  
30 District Property Tax Relief Fund equal to the amount

1 appropriated to the School District Property Tax Relief Fund in  
2 the immediately preceding fiscal year, increased by the  
3 percentage increase in the Consumer Price Index for All Urban  
4 Consumers published by the U.S. Bureau of Labor Statistics for  
5 the immediately preceding fiscal year.

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

12 In each fiscal year commencing with fiscal year 2006,  
13 the General Assembly shall appropriate the total amount  
14 appropriated to the School District Property Tax Relief  
15 Fund for that fiscal year to fund the aggregate amount of  
16 property tax relief grants that will be distributed to all  
17 school districts. The Department then shall calculate the  
18 amount of property tax relief grant to be distributed to  
19 each school district in each fiscal year as follows:

20 (A) for fiscal year 2006, each school district  
21 shall receive a property tax relief grant in an amount  
22 equal to one-third of the total property taxes levied  
23 for that school district in tax year 2001 (payable in  
24 2002); and

25 (B) for each fiscal year thereafter, the property  
26 tax relief grant for each school district must be  
27 increased by the percentage increase, if any, in the  
28 Consumer Price Index For All Urban Consumers published  
29 for the prior fiscal year.

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

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

32 (a) The Higher Education Operating Assistance Fund is  
33 created as a special fund in the State treasury. Moneys in the  
34 Fund may be used only for the purposes set forth in this  
35 Section. All interest earned on moneys in the Fund must be

1 deposited into the Fund.

2 (b) Each fiscal year, beginning in fiscal year 2006, the  
3 General Assembly must appropriate \$500,000,000 from the  
4 Education Assistance Fund to the Higher Education Operating  
5 Assistance Fund.

6 (c) In each fiscal year, beginning in fiscal year 2006, if  
7 the amount appropriated for higher education purposes equals or  
8 exceeds the total appropriation for higher education purposes  
9 from the prior fiscal year multiplied by the percentage of  
10 increase, in the previous calendar year, of the Consumer Price  
11 Index for all Urban Consumers published by the federal Bureau  
12 of Labor Statistics ("CPI"), then both of the following apply:

13 (1) The General Assembly must appropriate 80% of the  
14 moneys in the Higher Education Operating Assistance Fund to  
15 the Board of Higher Education for grants to State  
16 universities for their ordinary and contingent expenses.  
17 The grants under this item (1) must be distributed to each  
18 State university based upon each university's full time  
19 equivalent head count.

20 (2) The General Assembly must appropriate 20% of the  
21 moneys in the Higher Education Operating Assistance Fund to  
22 the Illinois Community College Board for grants to  
23 community colleges for their ordinary and contingent  
24 expenses. The grants under this item (2) must be  
25 distributed as supplemental base operating grants under  
26 Section 2-16.02 of the Public Community College Act.

27 If, however, the amount appropriated for higher education  
28 purposes is less than the amount of the total appropriation for  
29 higher education purposes from the prior fiscal year as  
30 adjusted by the percentage increase in CPI, then no moneys may  
31 be appropriated from the Higher Education Operating Assistance  
32 Fund for that fiscal year for any purpose.

33 For purposes of this subsection (c), the term "amount  
34 appropriated for higher education purposes" does not include  
35 any amount appropriated from the Higher Education Operating  
36 Assistance Fund.

1 (30 ILCS 105/8h)

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

3 (a) Except as provided in subsection (b), notwithstanding  
4 any other State law to the contrary, the Governor may, through  
5 June 30, 2007, from time to time direct the State Treasurer and  
6 Comptroller to transfer a specified sum from any fund held by  
7 the State Treasurer to the General Revenue Fund in order to  
8 help defray the State's operating costs for the fiscal year.  
9 The total transfer under this Section from any fund in any  
10 fiscal year shall not exceed the lesser of (i) 8% of the  
11 revenues to be deposited into the fund during that fiscal year  
12 or (ii) an amount that leaves a remaining fund balance of 25%  
13 of the July 1 fund balance of that fiscal year. In fiscal year  
14 2005 only, prior to calculating the July 1, 2004 final  
15 balances, the Governor may calculate and direct the State  
16 Treasurer with the Comptroller to transfer additional amounts  
17 determined by applying the formula authorized in Public Act  
18 93-839 to the funds balances on July 1, 2003. No transfer may  
19 be made from a fund under this Section that would have the  
20 effect of reducing the available balance in the fund to an  
21 amount less than the amount remaining unexpended and unreserved  
22 from the total appropriation from that fund estimated to be  
23 expended for that fiscal year. This Section does not apply to  
24 any funds that are restricted by federal law to a specific use,  
25 to any funds in the Motor Fuel Tax Fund, the Hospital Provider  
26 Fund, the Medicaid Provider Relief Fund, the Education  
27 Assistance Fund, the School District Property Tax Relief Fund,  
28 the Higher Education Operating Assistance Fund, or the  
29 Reviewing Court Alternative Dispute Resolution Fund, or to any  
30 funds to which subsection (f) of Section 20-40 of the Nursing  
31 and Advanced Practice Nursing Act applies. Notwithstanding any  
32 other provision of this Section, for fiscal year 2004, the  
33 total transfer under this Section from the Road Fund or the  
34 State Construction Account Fund shall not exceed the lesser of  
35 (i) 5% of the revenues to be deposited into the fund during

1 that fiscal year or (ii) 25% of the beginning balance in the  
2 fund. For fiscal year 2005 through fiscal year 2007, no amounts  
3 may be transferred under this Section from the Road Fund, the  
4 State Construction Account Fund, the Criminal Justice  
5 Information Systems Trust Fund, the Wireless Service Emergency  
6 Fund, or the Mandatory Arbitration Fund.

7 In determining the available balance in a fund, the  
8 Governor may include receipts, transfers into the fund, and  
9 other resources anticipated to be available in the fund in that  
10 fiscal year.

11 The State Treasurer and Comptroller shall transfer the  
12 amounts designated under this Section as soon as may be  
13 practicable after receiving the direction to transfer from the  
14 Governor.

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

17 (Source: P.A. 93-32, eff. 6-20-03; 93-659, eff. 2-3-04; 93-674,  
18 eff. 6-10-04; 93-714, eff. 7-12-04; 93-801, eff. 7-22-04;  
19 93-839, eff. 7-30-04; 93-1054, eff. 11-18-04; 93-1067, eff.  
20 1-15-05.)

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

23 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

24 Sec. 201. Tax Imposed.

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

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

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

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

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

16 (4) In the case of an individual, trust or estate, for  
17 taxable years beginning after January 1, 2005, an amount  
18 equal to 5% of the taxpayer's net income for the taxable  
19 year (Blank).

20 (5) (Blank).

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

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

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

35 (9) In the case of a corporation, for taxable years  
36 beginning after January 1, 2005, an amount equal to 8% of

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

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

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

27          (d-1) Rate reduction for certain foreign insurers. In the  
28          case of a foreign insurer, as defined by Section 35A-5 of the  
29          Illinois Insurance Code, whose state or country of domicile  
30          imposes on insurers domiciled in Illinois a retaliatory tax  
31          (excluding any insurer whose premiums from reinsurance assumed  
32          are 50% or more of its total insurance premiums as determined  
33          under paragraph (2) of subsection (b) of Section 304, except  
34          that for purposes of this determination premiums from  
35          reinsurance do not include premiums from inter-affiliate  
36          reinsurance arrangements), beginning with taxable years ending

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

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

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

21 (B) the privilege tax imposed by Section 409 of the  
22 Illinois Insurance Code, the fire insurance company  
23 tax imposed by Section 12 of the Fire Investigation  
24 Act, and the fire department taxes imposed under  
25 Section 11-10-1 of the Illinois Municipal Code,  
26 equals 1.25% for taxable years ending prior to December 31,  
27 2003, or 1.75% for taxable years ending on or after  
28 December 31, 2003, of the net taxable premiums written for  
29 the taxable year, as described by subsection (1) of Section  
30 409 of the Illinois Insurance Code. This paragraph will in  
31 no event increase the rates imposed under subsections (b)  
32 and (d).

33 (2) Any reduction in the rates of tax imposed by this  
34 subsection shall be applied first against the rates imposed  
35 by subsection (b) and only after the tax imposed by  
36 subsection (a) net of all credits allowed under this

1 Section other than the credit allowed under subsection (i)  
2 has been reduced to zero, against the rates imposed by  
3 subsection (d).

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

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

9 (1) A taxpayer shall be allowed a credit equal to .5%  
10 of the basis of qualified property placed in service during  
11 the taxable year, provided such property is placed in  
12 service on or after July 1, 1984. There shall be allowed an  
13 additional credit equal to .5% of the basis of qualified  
14 property placed in service during the taxable year,  
15 provided such property is placed in service on or after  
16 July 1, 1986, and the taxpayer's base employment within  
17 Illinois has increased by 1% or more over the preceding  
18 year as determined by the taxpayer's employment records  
19 filed with the Illinois Department of Employment Security.  
20 Taxpayers who are new to Illinois shall be deemed to have  
21 met the 1% growth in base employment for the first year in  
22 which they file employment records with the Illinois  
23 Department of Employment Security. The provisions added to  
24 this Section by Public Act 85-1200 (and restored by Public  
25 Act 87-895) shall be construed as declaratory of existing  
26 law and not as a new enactment. If, in any year, the  
27 increase in base employment within Illinois over the  
28 preceding year is less than 1%, the additional credit shall  
29 be limited to that percentage times a fraction, the  
30 numerator of which is .5% and the denominator of which is  
31 1%, but shall not exceed .5%. The investment credit shall  
32 not be allowed to the extent that it would reduce a  
33 taxpayer's liability in any tax year below zero, nor may  
34 any credit for qualified property be allowed for any year  
35 other than the year in which the property was placed in  
36 service in Illinois. For tax years ending on or after

1 December 31, 1987, and on or before December 31, 1988, the  
2 credit shall be allowed for the tax year in which the  
3 property is placed in service, or, if the amount of the  
4 credit exceeds the tax liability for that year, whether it  
5 exceeds the original liability or the liability as later  
6 amended, such excess may be carried forward and applied to  
7 the tax liability of the 5 taxable years following the  
8 excess credit years if the taxpayer (i) makes investments  
9 which cause the creation of a minimum of 2,000 full-time  
10 equivalent jobs in Illinois, (ii) is located in an  
11 enterprise zone established pursuant to the Illinois  
12 Enterprise Zone Act and (iii) is certified by the  
13 Department of Commerce and Community Affairs (now  
14 Department of Commerce and Economic Opportunity) as  
15 complying with the requirements specified in clause (i) and  
16 (ii) by July 1, 1986. The Department of Commerce and  
17 Community Affairs (now Department of Commerce and Economic  
18 Opportunity) shall notify the Department of Revenue of all  
19 such certifications immediately. For tax years ending  
20 after December 31, 1988, the credit shall be allowed for  
21 the tax year in which the property is placed in service,  
22 or, if the amount of the credit exceeds the tax liability  
23 for that year, whether it exceeds the original liability or  
24 the liability as later amended, such excess may be carried  
25 forward and applied to the tax liability of the 5 taxable  
26 years following the excess credit years. The credit shall  
27 be applied to the earliest year for which there is a  
28 liability. If there is credit from more than one tax year  
29 that is available to offset a liability, earlier credit  
30 shall be applied first.

31 (2) The term "qualified property" means property  
32 which:

33 (A) is tangible, whether new or used, including  
34 buildings and structural components of buildings and  
35 signs that are real property, but not including land or  
36 improvements to real property that are not a structural

1 component of a building such as landscaping, sewer  
2 lines, local access roads, fencing, parking lots, and  
3 other appurtenances;

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

9 (C) is acquired by purchase as defined in Section  
10 179(d) of the Internal Revenue Code;

11 (D) is used in Illinois by a taxpayer who is  
12 primarily engaged in manufacturing, or in mining coal  
13 or fluorite, or in retailing; and

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

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

30 (4) The basis of qualified property shall be the basis  
31 used to compute the depreciation deduction for federal  
32 income tax purposes.

33 (5) If the basis of the property for federal income tax  
34 depreciation purposes is increased after it has been placed  
35 in service in Illinois by the taxpayer, the amount of such  
36 increase shall be deemed property placed in service on the

1 date of such increase in basis.

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

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

20 (8) Unless the investment credit is extended by law,  
21 the basis of qualified property shall not include costs  
22 incurred after December 31, 2008, except for costs incurred  
23 pursuant to a binding contract entered into on or before  
24 December 31, 2008.

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

1 taxable year. The partnership shall make this election on  
2 its Personal Property Tax Replacement Income Tax return for  
3 that taxable year. The election to pass through the credits  
4 shall be irrevocable.

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

19 (f) Investment credit; Enterprise Zone.

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

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

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

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

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

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

24 (D) is used in the Enterprise Zone by the taxpayer;  
25 and

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

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

33 (4) If the basis of the property for federal income tax  
34 depreciation purposes is increased after it has been placed  
35 in service in the Enterprise Zone by the taxpayer, the  
36 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  
35 taxable year;

36 (B) the taxpayer's total employment within the

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

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

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

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

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

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

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

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

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

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

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

15 (h) Investment credit; High Impact Business.

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

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

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

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

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

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

30 (C) is acquired by purchase as defined in Section  
31 179(d) of the Internal Revenue Code; and

32 (D) is not eligible for the Enterprise Zone  
33 Investment Credit provided by subsection (f) of this  
34 Section.

35 (3) The basis of qualified property shall be the basis  
36 used to compute the depreciation deduction for federal

1 income tax purposes.

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

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

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

28 (7) Beginning with tax years ending after December 31,  
29 1996, if a taxpayer qualifies for the credit under this  
30 subsection (h) and thereby is granted a tax abatement and  
31 the taxpayer relocates its entire facility in violation of  
32 the explicit terms and length of the contract under Section  
33 18-183 of the Property Tax Code, the tax imposed under  
34 subsections (a) and (b) of this Section shall be increased  
35 for the taxable year in which the taxpayer relocated its  
36 facility by an amount equal to the amount of credit

1 received by the taxpayer under this subsection (h).

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

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

26 If, during any taxable year ending on or after December 31,  
27 1986, the tax imposed by subsections (c) and (d) of this  
28 Section for which a taxpayer has claimed a credit under this  
29 subsection (i) is reduced, the amount of credit for such tax  
30 shall also be reduced. Such reduction shall be determined by  
31 recomputing the credit to take into account the reduced tax  
32 imposed by subsections (c) and (d). If any portion of the  
33 reduced amount of credit has been carried to a different  
34 taxable year, an amended return shall be filed for such taxable  
35 year to reduce the amount of credit claimed.

36 (j) Training expense credit. Beginning with tax years

1 ending on or after December 31, 1986 and prior to December 31,  
2 2003, a taxpayer shall be allowed a credit against the tax  
3 imposed by subsections (a) and (b) under this Section for all  
4 amounts paid or accrued, on behalf of all persons employed by  
5 the taxpayer in Illinois or Illinois residents employed outside  
6 of Illinois by a taxpayer, for educational or vocational  
7 training in semi-technical or technical fields or semi-skilled  
8 or skilled fields, which were deducted from gross income in the  
9 computation of taxable income. The credit against the tax  
10 imposed by subsections (a) and (b) shall be 1.6% of such  
11 training expenses. For partners, shareholders of subchapter S  
12 corporations, and owners of limited liability companies, if the  
13 liability company is treated as a partnership for purposes of  
14 federal and State income taxation, there shall be allowed a  
15 credit under this subsection (j) to be determined in accordance  
16 with the determination of income and distributive share of  
17 income under Sections 702 and 704 and subchapter S of the  
18 Internal Revenue Code.

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

29 (k) Research and development credit.

30 For tax years ending after July 1, 1990 and prior to  
31 December 31, 2003, and beginning again for tax years ending on  
32 or after December 31, 2004, a taxpayer shall be allowed a  
33 credit against the tax imposed by subsections (a) and (b) of  
34 this Section for increasing research activities in this State.  
35 The credit allowed against the tax imposed by subsections (a)  
36 and (b) shall be equal to 6 1/2% of the qualifying expenditures

1 for increasing research activities in this State. For partners,  
2 shareholders of subchapter S corporations, and owners of  
3 limited liability companies, if the liability company is  
4 treated as a partnership for purposes of federal and State  
5 income taxation, there shall be allowed a credit under this  
6 subsection to be determined in accordance with the  
7 determination of income and distributive share of income under  
8 Sections 702 and 704 and subchapter S of the Internal Revenue  
9 Code.

10 For purposes of this subsection, "qualifying expenditures"  
11 means the qualifying expenditures as defined for the federal  
12 credit for increasing research activities which would be  
13 allowable under Section 41 of the Internal Revenue Code and  
14 which are conducted in this State, "qualifying expenditures for  
15 increasing research activities in this State" means the excess  
16 of qualifying expenditures for the taxable year in which  
17 incurred over qualifying expenditures for the base period,  
18 "qualifying expenditures for the base period" means the average  
19 of the qualifying expenditures for each year in the base  
20 period, and "base period" means the 3 taxable years immediately  
21 preceding the taxable year for which the determination is being  
22 made.

23 Any credit in excess of the tax liability for the taxable  
24 year may be carried forward. A taxpayer may elect to have the  
25 unused credit shown on its final completed return carried over  
26 as a credit against the tax liability for the following 5  
27 taxable years or until it has been fully used, whichever occurs  
28 first; provided that no credit earned in a tax year ending  
29 prior to December 31, 2003 may be carried forward to any year  
30 ending on or after December 31, 2003.

31 If an unused credit is carried forward to a given year from  
32 2 or more earlier years, that credit arising in the earliest  
33 year will be applied first against the tax liability for the  
34 given year. If a tax liability for the given year still  
35 remains, the credit from the next earliest year will then be  
36 applied, and so on, until all credits have been used or no tax

1 liability for the given year remains. Any remaining unused  
2 credit or credits then will be carried forward to the next  
3 following year in which a tax liability is incurred, except  
4 that no credit can be carried forward to a year which is more  
5 than 5 years after the year in which the expense for which the  
6 credit is given was incurred.

7 No inference shall be drawn from this amendatory Act of the  
8 91st General Assembly in construing this Section for taxable  
9 years beginning before January 1, 1999.

10 (1) Environmental Remediation Tax Credit.

11 (i) For tax years ending after December 31, 1997 and on  
12 or before December 31, 2001, a taxpayer shall be allowed a  
13 credit against the tax imposed by subsections (a) and (b)  
14 of this Section for certain amounts paid for unreimbursed  
15 eligible remediation costs, as specified in this  
16 subsection. For purposes of this Section, "unreimbursed  
17 eligible remediation costs" means costs approved by the  
18 Illinois Environmental Protection Agency ("Agency") under  
19 Section 58.14 of the Environmental Protection Act that were  
20 paid in performing environmental remediation at a site for  
21 which a No Further Remediation Letter was issued by the  
22 Agency and recorded under Section 58.10 of the  
23 Environmental Protection Act. The credit must be claimed  
24 for the taxable year in which Agency approval of the  
25 eligible remediation costs is granted. The credit is not  
26 available to any taxpayer if the taxpayer or any related  
27 party caused or contributed to, in any material respect, a  
28 release of regulated substances on, in, or under the site  
29 that was identified and addressed by the remedial action  
30 pursuant to the Site Remediation Program of the  
31 Environmental Protection Act. After the Pollution Control  
32 Board rules are adopted pursuant to the Illinois  
33 Administrative Procedure Act for the administration and  
34 enforcement of Section 58.9 of the Environmental  
35 Protection Act, determinations as to credit availability  
36 for purposes of this Section shall be made consistent with

1 those rules. For purposes of this Section, "taxpayer"  
2 includes a person whose tax attributes the taxpayer has  
3 succeeded to under Section 381 of the Internal Revenue Code  
4 and "related party" includes the persons disallowed a  
5 deduction for losses by paragraphs (b), (c), and (f)(1) of  
6 Section 267 of the Internal Revenue Code by virtue of being  
7 a related taxpayer, as well as any of its partners. The  
8 credit allowed against the tax imposed by subsections (a)  
9 and (b) shall be equal to 25% of the unreimbursed eligible  
10 remediation costs in excess of \$100,000 per site, except  
11 that the \$100,000 threshold shall not apply to any site  
12 contained in an enterprise zone as determined by the  
13 Department of Commerce and Community Affairs (now  
14 Department of Commerce and Economic Opportunity). The  
15 total credit allowed shall not exceed \$40,000 per year with  
16 a maximum total of \$150,000 per site. For partners and  
17 shareholders of subchapter S corporations, there shall be  
18 allowed a credit under this subsection to be determined in  
19 accordance with the determination of income and  
20 distributive share of income under Sections 702 and 704 and  
21 subchapter S of the Internal Revenue Code.

22 (ii) A credit allowed under this subsection that is  
23 unused in the year the credit is earned may be carried  
24 forward to each of the 5 taxable years following the year  
25 for which the credit is first earned until it is used. The  
26 term "unused credit" does not include any amounts of  
27 unreimbursed eligible remediation costs in excess of the  
28 maximum credit per site authorized under paragraph (i).  
29 This credit shall be applied first to the earliest year for  
30 which there is a liability. If there is a credit under this  
31 subsection from more than one tax year that is available to  
32 offset a liability, the earliest credit arising under this  
33 subsection shall be applied first. A credit allowed under  
34 this subsection may be sold to a buyer as part of a sale of  
35 all or part of the remediation site for which the credit  
36 was granted. The purchaser of a remediation site and the

1 tax credit shall succeed to the unused credit and remaining  
2 carry-forward period of the seller. To perfect the  
3 transfer, the assignor shall record the transfer in the  
4 chain of title for the site and provide written notice to  
5 the Director of the Illinois Department of Revenue of the  
6 assignor's intent to sell the remediation site and the  
7 amount of the tax credit to be transferred as a portion of  
8 the sale. In no event may a credit be transferred to any  
9 taxpayer if the taxpayer or a related party would not be  
10 eligible under the provisions of subsection (i).

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

14 (m) Education expense credit. Beginning with tax years  
15 ending after December 31, 1999, a taxpayer who is the custodian  
16 of one or more qualifying pupils shall be allowed a credit  
17 against the tax imposed by subsections (a) and (b) of this  
18 Section for qualified education expenses incurred on behalf of  
19 the qualifying pupils. The credit shall be equal to 25% of  
20 qualified education expenses, but in no event may the total  
21 credit under this subsection claimed by a family that is the  
22 custodian of qualifying pupils exceed \$500. In no event shall a  
23 credit under this subsection reduce the taxpayer's liability  
24 under this Act to less than zero. This subsection is exempt  
25 from the provisions of Section 250 of this Act.

26 For purposes of this subsection:

27 "Qualifying pupils" means individuals who (i) are  
28 residents of the State of Illinois, (ii) are under the age of  
29 21 at the close of the school year for which a credit is  
30 sought, and (iii) during the school year for which a credit is  
31 sought were full-time pupils enrolled in a kindergarten through  
32 twelfth grade education program at any school, as defined in  
33 this subsection.

34 "Qualified education expense" means the amount incurred on  
35 behalf of a qualifying pupil in excess of \$250 for tuition,  
36 book fees, and lab fees at the school in which the pupil is

1 enrolled during the regular school year.

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

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

12 (Source: P.A. 92-12, eff. 7-1-01; 92-16, eff. 6-28-01; 92-651,  
13 eff. 7-11-02; 93-840, eff. 7-30-04; 92-846, eff. 8-23-02;  
14 93-29, eff. 6-20-03; 93-840, eff. 7-30-04; 93-871, eff. 8-6-04;  
15 revised 10-25-04.)

16 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

17 Sec. 901. Collection Authority.

18 (a) In general.

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

35 (b) Local Governmental Distributive Fund.

1           Beginning August 1, 1969, and continuing through June 30,  
2 1994, the Treasurer shall transfer each month from the General  
3 Revenue Fund to a special fund in the State treasury, to be  
4 known as the "Local Government Distributive Fund", an amount  
5 equal to 1/12 of the net revenue realized from the tax imposed  
6 by subsections (a) and (b) of Section 201 of this Act during  
7 the preceding month. Beginning July 1, 1994, and continuing  
8 through June 30, 1995, the Treasurer shall transfer each month  
9 from the General Revenue Fund to the Local Government  
10 Distributive Fund an amount equal to 1/11 of the net revenue  
11 realized from the tax imposed by subsections (a) and (b) of  
12 Section 201 of this Act during the preceding month. Beginning  
13 July 1, 1995, the Treasurer shall transfer each month from the  
14 General Revenue Fund to the Local Government Distributive Fund  
15 an amount equal to the net of (i) 1/10 of the net revenue  
16 realized from the tax imposed by subsections (a) and (b) of  
17 Section 201 of the Illinois Income Tax Act during the preceding  
18 month, except that the net revenue attributable to the increase  
19 in the income tax imposed by subsections (a) and (b) of Section  
20 201 of this Act in accordance with this amendatory Act of the  
21 94th General Assembly shall not be used to calculate the amount  
22 transferred to the Local Governmental Distributive Fund (ii)  
23 minus, beginning July 1, 2003 and ending June 30, 2004,  
24 \$6,666,666, and beginning July 1, 2004, zero. Net revenue  
25 realized for a month shall be defined as the revenue from the  
26 tax imposed by subsections (a) and (b) of Section 201 of this  
27 Act which is deposited in the General Revenue Fund, the  
28 Educational Assistance Fund and the Income Tax Surcharge Local  
29 Government Distributive Fund during the month minus the amount  
30 paid out of the General Revenue Fund in State warrants during  
31 that same month as refunds to taxpayers for overpayment of  
32 liability under the tax imposed by subsections (a) and (b) of  
33 Section 201 of this Act.

34           (c) Deposits Into Income Tax Refund Fund.

35           (1) Beginning on January 1, 1989 and thereafter, the  
36 Department shall deposit a percentage of the amounts

1 collected pursuant to subsections (a) and (b) (1), (2), and  
2 (3), of Section 201 of this Act into a fund in the State  
3 treasury known as the Income Tax Refund Fund. The  
4 Department shall deposit 6% of such amounts during the  
5 period beginning January 1, 1989 and ending on June 30,  
6 1989. Beginning with State fiscal year 1990 and for each  
7 fiscal year thereafter, the percentage deposited into the  
8 Income Tax Refund Fund during a fiscal year shall be the  
9 Annual Percentage. For fiscal years 1999 through 2001, the  
10 Annual Percentage shall be 7.1%. For fiscal year 2003, the  
11 Annual Percentage shall be 8%. For fiscal year 2004, the  
12 Annual Percentage shall be 11.7%. Upon the effective date  
13 of this amendatory Act of the 93rd General Assembly, the  
14 Annual Percentage shall be 10% for fiscal year 2005. For  
15 all other fiscal years, the Annual Percentage shall be  
16 calculated as a fraction, the numerator of which shall be  
17 the amount of refunds approved for payment by the  
18 Department during the preceding fiscal year as a result of  
19 overpayment of tax liability under subsections (a) and  
20 (b) (1), (2), and (3) of Section 201 of this Act plus the  
21 amount of such refunds remaining approved but unpaid at the  
22 end of the preceding fiscal year, minus the amounts  
23 transferred into the Income Tax Refund Fund from the  
24 Tobacco Settlement Recovery Fund, and the denominator of  
25 which shall be the amounts which will be collected pursuant  
26 to subsections (a) and (b) (1), (2), and (3) of Section 201  
27 of this Act during the preceding fiscal year; except that  
28 in State fiscal year 2002, the Annual Percentage shall in  
29 no event exceed 7.6%. The Director of Revenue shall certify  
30 the Annual Percentage to the Comptroller on the last  
31 business day of the fiscal year immediately preceding the  
32 fiscal year for which it is to be effective.

33 (2) Beginning on January 1, 1989 and thereafter, the  
34 Department shall deposit a percentage of the amounts  
35 collected pursuant to subsections (a) and (b) (6), (7), and  
36 (8), (c) and (d) of Section 201 of this Act into a fund in

1 the State treasury known as the Income Tax Refund Fund. The  
2 Department shall deposit 18% of such amounts during the  
3 period beginning January 1, 1989 and ending on June 30,  
4 1989. Beginning with State fiscal year 1990 and for each  
5 fiscal year thereafter, the percentage deposited into the  
6 Income Tax Refund Fund during a fiscal year shall be the  
7 Annual Percentage. For fiscal years 1999, 2000, and 2001,  
8 the Annual Percentage shall be 19%. For fiscal year 2003,  
9 the Annual Percentage shall be 27%. For fiscal year 2004,  
10 the Annual Percentage shall be 32%. Upon the effective date  
11 of this amendatory Act of the 93rd General Assembly, the  
12 Annual Percentage shall be 24% for fiscal year 2005. For  
13 all other fiscal years, the Annual Percentage shall be  
14 calculated as a fraction, the numerator of which shall be  
15 the amount of refunds approved for payment by the  
16 Department during the preceding fiscal year as a result of  
17 overpayment of tax liability under subsections (a) and  
18 (b)(6), (7), and (8), (c) and (d) of Section 201 of this  
19 Act plus the amount of such refunds remaining approved but  
20 unpaid at the end of the preceding fiscal year, and the  
21 denominator of which shall be the amounts which will be  
22 collected pursuant to subsections (a) and (b)(6), (7), and  
23 (8), (c) and (d) of Section 201 of this Act during the  
24 preceding fiscal year; except that in State fiscal year  
25 2002, the Annual Percentage shall in no event exceed 23%.  
26 The Director of Revenue shall certify the Annual Percentage  
27 to the Comptroller on the last business day of the fiscal  
28 year immediately preceding the fiscal year for which it is  
29 to be effective.

30 (3) The Comptroller shall order transferred and the  
31 Treasurer shall transfer from the Tobacco Settlement  
32 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000  
33 in January, 2001, (ii) \$35,000,000 in January, 2002, and  
34 (iii) \$35,000,000 in January, 2003.

35 (d) Expenditures from Income Tax Refund Fund.

36 (1) Beginning January 1, 1989, money in the Income Tax

1 Refund Fund shall be expended exclusively for the purpose  
2 of paying refunds resulting from overpayment of tax  
3 liability under Section 201 of this Act, for paying rebates  
4 under Section 208.1 in the event that the amounts in the  
5 Homeowners' Tax Relief Fund are insufficient for that  
6 purpose, and for making transfers pursuant to this  
7 subsection (d).

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

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

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

1 Section 201 of this Act deposited into the Income Tax  
2 Refund Fund during the fiscal year.

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

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

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

18 On July 1, 2005 and thereafter, of the amounts collected  
19 pursuant to subsections (a) and (b) of Section 201 of this Act,  
20 minus deposits into the Income Tax Refund Fund, the Department  
21 shall deposit into the Education Assistance Fund in the State  
22 treasury: (i) an amount equal to 7.3% of the amount  
23 attributable to the rates in effect prior to the effective date  
24 of this amendatory Act of the 94th General Assembly, plus (ii)  
25 100% of the amount attributable to the increase in the amounts  
26 collected pursuant to subsections (a) and (b) of Section 201 of  
27 this Act under this amendatory Act of the 94th General  
28 Assembly. On July 1, 1991, and through June 30, 2005  
29 ~~thereafter~~, of the amounts collected pursuant to subsections  
30 (a) and (b) of Section 201 of this Act, minus deposits into the  
31 Income Tax Refund Fund, the Department shall deposit 7.3% into  
32 the Education Assistance Fund in the State Treasury. Beginning  
33 July 1, 1991, and continuing through January 31, 1993, of the  
34 amounts collected pursuant to subsections (a) and (b) of  
35 Section 201 of the Illinois Income Tax Act, minus deposits into  
36 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  
33 Revenue under Section 6z-68 of the State Finance Act. When the  
34 final extension for educational purposes has been determined

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

15 (35 ILCS 200/18-255)

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

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

25 (35 ILCS 200/20-15)

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

31 (a) a statement itemizing the rate at which taxes have  
32 been extended for each of the taxing districts in the  
33 county in whose district the property is located, and in  
34 those counties utilizing electronic data processing

1 equipment the dollar amount of tax due from the person  
2 assessed allocable to each of those taxing districts,  
3 including a separate statement of the dollar amount of tax  
4 due which is allocable to a tax levied under the Illinois  
5 Local Library Act or to any other tax levied by a  
6 municipality or township for public library purposes,

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

12 (c) the total tax rate,

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

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

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

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

23 In all counties the statement shall also provide:

24 (1) the property index number or other suitable  
25 description,

26 (2) the assessment of the property,

27 (3) the equalization factors imposed by the county and  
28 by the Department, and

29 (4) the equalized assessment resulting from the  
30 application of the equalization factors to the basic  
31 assessment.

32 In all counties which do not classify property for purposes  
33 of taxation, for property on which a single family residence is  
34 situated the statement shall also include a statement to  
35 reflect the fair cash value determined for the property. In all  
36 counties which classify property for purposes of taxation in

1 accordance with Section 4 of Article IX of the Illinois  
2 Constitution, for parcels of residential property in the lowest  
3 assessment classification the statement shall also include a  
4 statement to reflect the fair cash value determined for the  
5 property.

6 In all counties, the statement shall include information  
7 that certain taxpayers may be eligible for the Senior Citizens  
8 and Disabled Persons Property Tax Relief and Pharmaceutical  
9 Assistance Act and that applications are available from the  
10 Illinois Department of Revenue.

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

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

25 (35 ILCS 200/21-30)

26 Sec. 21-30. Accelerated billing. Except as provided in this  
27 Section, Section 9-260, and Section 21-40, in counties with  
28 3,000,000 or more inhabitants, by January 31 annually,  
29 estimated tax bills setting out the first installment of  
30 property taxes for the preceding year, payable in that year,  
31 shall be prepared and mailed. The first installment of taxes on  
32 the estimated tax bills shall be computed at 50% of the total  
33 of each tax bill before the abatement of taxes under Section  
34 18-178 for the preceding year, less an estimate of one-half of  
35 the school district property tax relief grant for the current

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

18 The county board may provide by ordinance, in counties with  
19 3,000,000 or more inhabitants, for taxes to be paid in 4  
20 installments. For the levy year for which the ordinance is  
21 first effective and each subsequent year, estimated tax bills  
22 setting out the first, second, and third installment of taxes  
23 for the preceding year, payable in that year, shall be prepared  
24 and mailed not later than the date specified by ordinance. Each  
25 installment on estimated tax bills shall be computed at 25% of  
26 the total of each tax bill for the preceding year. By the date  
27 specified in the ordinance, actual tax bills shall be prepared  
28 and mailed. These bills shall set out total taxes due and the  
29 amount of estimated taxes billed in the first, second, and  
30 third installments and shall state the balance of taxes due for  
31 that year as represented by the sum derived from subtracting  
32 the amount of the estimated installments from the total taxes  
33 due for that year.

34 The county board of any county with less than 3,000,000  
35 inhabitants may, by ordinance or resolution, adopt an  
36 accelerated method of tax billing. The county board may

1 subsequently rescind the ordinance or resolution and revert to  
2 the method otherwise provided for in this Code.

3 Taxes levied on homestead property in which a member of the  
4 National Guard or reserves of the armed forces of the United  
5 States who was called to active duty on or after August 1,  
6 1990, and who has an ownership interest shall not be deemed  
7 delinquent and no interest shall accrue or be charged as a  
8 penalty on such taxes due and payable in 1991 or 1992 until one  
9 year after that member returns to civilian status.

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

11 Section 20. The School Code is amended by changing Sections  
12 18-8.05 and 18-19 and by adding Section 18-25 as follows:

13 (105 ILCS 5/18-8.05)

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

17 (A) General Provisions.

18 (1) The provisions of this Section apply to the 1998-1999  
19 and subsequent school years. The system of general State  
20 financial aid provided for in this Section is designed to  
21 assure that, through a combination of State financial aid and  
22 required local resources, the financial support provided each  
23 pupil in Average Daily Attendance equals or exceeds a  
24 prescribed per pupil Foundation Level. This formula approach  
25 imputes a level of per pupil Available Local Resources and  
26 provides for the basis to calculate a per pupil level of  
27 general State financial aid that, when added to Available Local  
28 Resources, equals or exceeds the Foundation Level. The amount  
29 of per pupil general State financial aid for school districts,  
30 in general, varies in inverse relation to Available Local  
31 Resources. Per pupil amounts are based upon each school  
32 district's Average Daily Attendance as that term is defined in  
33 this Section.

1           (2) In addition to general State financial aid, school  
2 districts with specified levels or concentrations of pupils  
3 from low income households are eligible to receive supplemental  
4 general State financial aid grants as provided pursuant to  
5 subsection (H). The supplemental State aid grants provided for  
6 school districts under subsection (H) shall be appropriated for  
7 distribution to school districts as part of the same line item  
8 in which the general State financial aid of school districts is  
9 appropriated under this Section.

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

13           (a) Any school district which fails for any given  
14 school year to maintain school as required by law, or to  
15 maintain a recognized school is not eligible to file for  
16 such school year any claim upon the Common School Fund. In  
17 case of nonrecognition of one or more attendance centers in  
18 a school district otherwise operating recognized schools,  
19 the claim of the district shall be reduced in the  
20 proportion which the Average Daily Attendance in the  
21 attendance center or centers bear to the Average Daily  
22 Attendance in the school district. A "recognized school"  
23 means any public school which meets the standards as  
24 established for recognition by the State Board of  
25 Education. A school district or attendance center not  
26 having recognition status at the end of a school term is  
27 entitled to receive State aid payments due upon a legal  
28 claim which was filed while it was recognized.

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

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

1 (d) (Blank).

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

6 School districts are not required to exert a minimum  
7 Operating Tax Rate in order to qualify for assistance under  
8 this Section.

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

11 (a) "Average Daily Attendance": A count of pupil  
12 attendance in school, averaged as provided for in  
13 subsection (C) and utilized in deriving per pupil financial  
14 support levels.

15 (b) "Available Local Resources": A computation of  
16 local financial support, calculated on the basis of Average  
17 Daily Attendance and derived as provided pursuant to  
18 subsection (D).

19 (c) "Corporate Personal Property Replacement Taxes":  
20 Funds paid to local school districts pursuant to "An Act in  
21 relation to the abolition of ad valorem personal property  
22 tax and the replacement of revenues lost thereby, and  
23 amending and repealing certain Acts and parts of Acts in  
24 connection therewith", certified August 14, 1979, as  
25 amended (Public Act 81-1st S.S.-1).

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

28 (e) "Operating Tax Rate": All school district property  
29 taxes extended for all purposes, except Bond and Interest,  
30 Summer School, Rent, Capital Improvement, and Vocational  
31 Education Building purposes.

32 (B) Foundation Level.

33 (1) The Foundation Level is a figure established by the  
34 State representing the minimum level of per pupil financial  
35 support that should be available to provide for the basic

1 education of each pupil in Average Daily Attendance. As set  
2 forth in this Section, each school district is assumed to exert  
3 a sufficient local taxing effort such that, in combination with  
4 the aggregate of general State financial aid provided the  
5 district, an aggregate of State and local resources are  
6 available to meet the basic education needs of pupils in the  
7 district.

8 (2) For the 1998-1999 school year, the Foundation Level of  
9 support is \$4,225. For the 1999-2000 school year, the  
10 Foundation Level of support is \$4,325. For the 2000-2001 school  
11 year, the Foundation Level of support is \$4,425. For the  
12 2001-2002 school year and 2002-2003 school year, the Foundation  
13 Level of support is \$4,560. For the 2003-2004 school year, the  
14 Foundation Level of support is \$4,810. For the 2004-2005 school  
15 year, the Foundation Level of support is \$4,964.

16 (3) For the 2005-2006 ~~2004-2005~~ school year and each school  
17 year thereafter, the Foundation Level of support is \$5,964  
18 ~~\$4,964~~ ~~\$5,060~~ or such greater amount as may be established by  
19 law by the General Assembly.

20 (C) Average Daily Attendance.

21 (1) For purposes of calculating general State aid pursuant  
22 to subsection (E), an Average Daily Attendance figure shall be  
23 utilized. The Average Daily Attendance figure for formula  
24 calculation purposes shall be the monthly average of the actual  
25 number of pupils in attendance of each school district, as  
26 further averaged for the best 3 months of pupil attendance for  
27 each school district. In compiling the figures for the number  
28 of pupils in attendance, school districts and the State Board  
29 of Education shall, for purposes of general State aid funding,  
30 conform attendance figures to the requirements of subsection  
31 (F).

32 (2) The Average Daily Attendance figures utilized in  
33 subsection (E) shall be the requisite attendance data for the  
34 school year immediately preceding the school year for which  
35 general State aid is being calculated or the average of the

1 attendance data for the 3 preceding school years, whichever is  
2 greater. The Average Daily Attendance figures utilized in  
3 subsection (H) shall be the requisite attendance data for the  
4 school year immediately preceding the school year for which  
5 general State aid is being calculated.

6 (D) Available Local Resources.

7 (1) For purposes of calculating general State aid pursuant  
8 to subsection (E), a representation of Available Local  
9 Resources per pupil, as that term is defined and determined in  
10 this subsection, shall be utilized. Available Local Resources  
11 per pupil shall include a calculated dollar amount representing  
12 local school district revenues from local property taxes and  
13 from Corporate Personal Property Replacement Taxes, expressed  
14 on the basis of pupils in Average Daily Attendance. Calculation  
15 of Available Local Resources shall exclude any tax amnesty  
16 funds received as a result of Public Act 93-26.

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

23 (3) For school districts maintaining grades kindergarten  
24 through 12, local property tax revenues per pupil shall be  
25 calculated as the product of the applicable equalized assessed  
26 valuation for the district multiplied by 3.00%, and divided by  
27 the district's Average Daily Attendance figure. For school  
28 districts maintaining grades kindergarten through 8, local  
29 property tax revenues per pupil shall be calculated as the  
30 product of the applicable equalized assessed valuation for the  
31 district multiplied by 2.30%, and divided by the district's  
32 Average Daily Attendance figure. For school districts  
33 maintaining grades 9 through 12, local property tax revenues  
34 per pupil shall be the applicable equalized assessed valuation  
35 of the district multiplied by 1.05%, and divided by the

1 district's Average Daily Attendance figure.

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

12 (E) Computation of General State Aid.

13 (1) For each school year, the amount of general State aid  
14 allotted to a school district shall be computed by the State  
15 Board of Education as provided in this subsection.

16 (2) For any school district for which Available Local  
17 Resources per pupil is less than the product of 0.93 times the  
18 Foundation Level, general State aid for that district shall be  
19 calculated as an amount equal to the Foundation Level minus  
20 Available Local Resources, multiplied by the Average Daily  
21 Attendance of the school district.

22 (3) For any school district for which Available Local  
23 Resources per pupil is equal to or greater than the product of  
24 0.93 times the Foundation Level and less than the product of  
25 1.75 times the Foundation Level, the general State aid per  
26 pupil shall be a decimal proportion of the Foundation Level  
27 derived using a linear algorithm. Under this linear algorithm,  
28 the calculated general State aid per pupil shall decline in  
29 direct linear fashion from 0.07 times the Foundation Level for  
30 a school district with Available Local Resources equal to the  
31 product of 0.93 times the Foundation Level, to 0.05 times the  
32 Foundation Level for a school district with Available Local  
33 Resources equal to the product of 1.75 times the Foundation  
34 Level. The allocation of general State aid for school districts  
35 subject to this paragraph 3 shall be the calculated general

1 State aid per pupil figure multiplied by the Average Daily  
2 Attendance of the school district.

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

8 (5) The amount of general State aid allocated to a school  
9 district for the 1999-2000 school year meeting the requirements  
10 set forth in paragraph (4) of subsection (G) shall be increased  
11 by an amount equal to the general State aid that would have  
12 been received by the district for the 1998-1999 school year by  
13 utilizing the Extension Limitation Equalized Assessed  
14 Valuation as calculated in paragraph (4) of subsection (G) less  
15 the general State aid allotted for the 1998-1999 school year.  
16 This amount shall be deemed a one time increase, and shall not  
17 affect any future general State aid allocations.

18 (F) Compilation of Average Daily Attendance.

19 (1) Each school district shall, by July 1 of each year,  
20 submit to the State Board of Education, on forms prescribed by  
21 the State Board of Education, attendance figures for the school  
22 year that began in the preceding calendar year. The attendance  
23 information so transmitted shall identify the average daily  
24 attendance figures for each month of the school year. Beginning  
25 with the general State aid claim form for the 2002-2003 school  
26 year, districts shall calculate Average Daily Attendance as  
27 provided in subdivisions (a), (b), and (c) of this paragraph  
28 (1).

29 (a) In districts that do not hold year-round classes,  
30 days of attendance in August shall be added to the month of  
31 September and any days of attendance in June shall be added  
32 to the month of May.

33 (b) In districts in which all buildings hold year-round  
34 classes, days of attendance in July and August shall be  
35 added to the month of September and any days of attendance

1 in June shall be added to the month of May.

2 (c) In districts in which some buildings, but not all,  
3 hold year-round classes, for the non-year-round buildings,  
4 days of attendance in August shall be added to the month of  
5 September and any days of attendance in June shall be added  
6 to the month of May. The average daily attendance for the  
7 year-round buildings shall be computed as provided in  
8 subdivision (b) of this paragraph (1). To calculate the  
9 Average Daily Attendance for the district, the average  
10 daily attendance for the year-round buildings shall be  
11 multiplied by the days in session for the non-year-round  
12 buildings for each month and added to the monthly  
13 attendance of the non-year-round buildings.

14 Except as otherwise provided in this Section, days of  
15 attendance by pupils shall be counted only for sessions of not  
16 less than 5 clock hours of school work per day under direct  
17 supervision of: (i) teachers, or (ii) non-teaching personnel or  
18 volunteer personnel when engaging in non-teaching duties and  
19 supervising in those instances specified in subsection (a) of  
20 Section 10-22.34 and paragraph 10 of Section 34-18, with pupils  
21 of legal school age and in kindergarten and grades 1 through  
22 12.

23 Days of attendance by tuition pupils shall be accredited  
24 only to the districts that pay the tuition to a recognized  
25 school.

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

29 (a) Pupils regularly enrolled in a public school for  
30 only a part of the school day may be counted on the basis  
31 of 1/6 day for every class hour of instruction of 40  
32 minutes or more attended pursuant to such enrollment,  
33 unless a pupil is enrolled in a block-schedule format of 80  
34 minutes or more of instruction, in which case the pupil may  
35 be counted on the basis of the proportion of minutes of  
36 school work completed each day to the minimum number of

1 minutes that school work is required to be held that day.

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

6 (c) A session of 4 or more clock hours may be counted  
7 as a day of attendance upon certification by the regional  
8 superintendent, and approved by the State Superintendent  
9 of Education to the extent that the district has been  
10 forced to use daily multiple sessions.

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

1 be considered for computing average daily attendance. Days  
2 scheduled for in-service training programs, staff  
3 development activities, or parent-teacher conferences may  
4 be scheduled separately for different grade levels and  
5 different attendance centers of the district.

6 (e) A session of not less than one clock hour of  
7 teaching hospitalized or homebound pupils on-site or by  
8 telephone to the classroom may be counted as 1/2 day of  
9 attendance, however these pupils must receive 4 or more  
10 clock hours of instruction to be counted for a full day of  
11 attendance.

12 (f) A session of at least 4 clock hours may be counted  
13 as a day of attendance for first grade pupils, and pupils  
14 in full day kindergartens, and a session of 2 or more hours  
15 may be counted as 1/2 day of attendance by pupils in  
16 kindergartens which provide only 1/2 day of attendance.

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

24 (h) A recognized kindergarten which provides for only  
25 1/2 day of attendance by each pupil shall not have more  
26 than 1/2 day of attendance counted in any one day. However,  
27 kindergartens may count 2 1/2 days of attendance in any 5  
28 consecutive school days. When a pupil attends such a  
29 kindergarten for 2 half days on any one school day, the  
30 pupil shall have the following day as a day absent from  
31 school, unless the school district obtains permission in  
32 writing from the State Superintendent of Education.  
33 Attendance at kindergartens which provide for a full day of  
34 attendance by each pupil shall be counted the same as  
35 attendance by first grade pupils. Only the first year of  
36 attendance in one kindergarten shall be counted, except in

1 case of children who entered the kindergarten in their  
2 fifth year whose educational development requires a second  
3 year of kindergarten as determined under the rules and  
4 regulations of the State Board of Education.

5 (G) Equalized Assessed Valuation Data.

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

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

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

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

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

25 (a) For the purposes of calculating State aid under  
26 this Section, with respect to any part of a school district  
27 within a redevelopment project area in respect to which a  
28 municipality has adopted tax increment allocation  
29 financing pursuant to the Tax Increment Allocation  
30 Redevelopment Act, Sections 11-74.4-1 through 11-74.4-11  
31 of the Illinois Municipal Code or the Industrial Jobs  
32 Recovery Law, Sections 11-74.6-1 through 11-74.6-50 of the  
33 Illinois Municipal Code, no part of the current equalized  
34 assessed valuation of real property located in any such  
35 project area which is attributable to an increase above the  
36 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  
35 aid is calculated and awarded under subsection (E).

36 "Base Tax Year": The property tax levy year used to

1 calculate the Budget Year allocation of general State aid.

2 "Preceding Tax Year": The property tax levy year  
3 immediately preceding the Base Tax Year.

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

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

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

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

19 If a school district is subject to property tax extension  
20 limitations as imposed under the Property Tax Extension  
21 Limitation Law, the State Board of Education shall calculate  
22 the Extension Limitation Equalized Assessed Valuation of that  
23 district. For the 1999-2000 school year, the Extension  
24 Limitation Equalized Assessed Valuation of a school district as  
25 calculated by the State Board of Education shall be equal to  
26 the product of the district's 1996 Equalized Assessed Valuation  
27 and the district's Extension Limitation Ratio. For the  
28 2000-2001 school year and each school year thereafter, the  
29 Extension Limitation Equalized Assessed Valuation of a school  
30 district as calculated by the State Board of Education shall be  
31 equal to the product of the Equalized Assessed Valuation last  
32 used in the calculation of general State aid and the district's  
33 Extension Limitation Ratio. If the Extension Limitation  
34 Equalized Assessed Valuation of a school district as calculated  
35 under this subsection (G)(3) is less than the district's  
36 equalized assessed valuation as calculated pursuant to

1 subsections (G) (1) and (G) (2), then for purposes of calculating  
2 the district's general State aid for the Budget Year pursuant  
3 to subsection (E), that Extension Limitation Equalized  
4 Assessed Valuation shall be utilized to calculate the  
5 district's Available Local Resources under subsection (D).

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

26 (5) For school districts having a majority of their  
27 equalized assessed valuation in any county except Cook, DuPage,  
28 Kane, Lake, McHenry, or Will, if the amount of general State  
29 aid allocated to the school district for the 1999-2000 school  
30 year under the provisions of subsection (E), (H), and (J) of  
31 this Section is less than the amount of general State aid  
32 allocated to the district for the 1998-1999 school year under  
33 these subsections, then the general State aid of the district  
34 for the 1999-2000 school year only shall be increased by the  
35 difference between these amounts. The total payments made under  
36 this paragraph (5) shall not exceed \$14,000,000. Claims shall

1 be prorated if they exceed \$14,000,000.

2 (H) Supplemental General State Aid.

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

23 (1.5) This paragraph (1.5) applies only to those school  
24 years preceding the 2003-2004 school year. For purposes of this  
25 subsection (H), the term "Low-Income Concentration Level"  
26 shall be the low-income eligible pupil count from the most  
27 recently available federal census divided by the Average Daily  
28 Attendance of the school district. If, however, (i) the  
29 percentage decrease from the 2 most recent federal censuses in  
30 the low-income eligible pupil count of a high school district  
31 with fewer than 400 students exceeds by 75% or more the  
32 percentage change in the total low-income eligible pupil count  
33 of contiguous elementary school districts, whose boundaries  
34 are coterminous with the high school district, or (ii) a high  
35 school district within 2 counties and serving 5 elementary

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

22 (1.10) This paragraph (1.10) applies to the 2003-2004  
23 school year and each school year thereafter. For purposes of  
24 this subsection (H), the term "Low-Income Concentration Level"  
25 shall, for each fiscal year, be the low-income eligible pupil  
26 count as of July 1 of the immediately preceding fiscal year (as  
27 determined by the Department of Human Services based on the  
28 number of pupils who are eligible for at least one of the  
29 following low income programs: Medicaid, KidCare, TANF, or Food  
30 Stamps, excluding pupils who are eligible for services provided  
31 by the Department of Children and Family Services, averaged  
32 over the 2 immediately preceding fiscal years for fiscal year  
33 2004 and over the 3 immediately preceding fiscal years for each  
34 fiscal year thereafter) divided by the Average Daily Attendance  
35 of the school district.

36 (2) Supplemental general State aid pursuant to this

1 subsection (H) shall be provided as follows for the 1998-1999,  
2 1999-2000, and 2000-2001 school years only:

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

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

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

15 (d) For any school district with a Low Income  
16 Concentration Level of 60% or more, the grant for the  
17 1998-99 school year shall be \$1,900 multiplied by the low  
18 income eligible pupil count.

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

23 (f) For the 2000-2001 school year, the per pupil  
24 amounts specified in subparagraphs (b), (c), and (d)  
25 immediately above shall be \$1,273, \$1,640, and \$2,050,  
26 respectively.

27 (2.5) Supplemental general State aid pursuant to this  
28 subsection (H) shall be provided as follows for the 2002-2003  
29 school year:

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

34 (b) For any school district with a Low Income  
35 Concentration Level of at least 10% and less than 20%, the  
36 grant for each school year shall be \$675 multiplied by the

1 low income eligible pupil count.

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

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

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

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

18 (2.10) Except as otherwise provided, supplemental general  
19 State aid pursuant to this subsection (H) shall be provided as  
20 follows for the 2003-2004 school year and each school year  
21 thereafter:

22 (a) For any school district with a Low Income  
23 Concentration Level of 15% or less, the grant for each  
24 school year shall be \$355 multiplied by the low income  
25 eligible pupil count.

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

31 For the 2003-2004 and 2004-2005 school year only, the grant  
32 shall be no less than the grant for the 2002-2003 school year.  
33 For the 2005-2006 school year only, the grant shall be no less  
34 than the grant for the 2002-2003 school year multiplied by  
35 0.66. For the 2006-2007 school year only, the grant shall be no  
36 less than the grant for the 2002-2003 school year multiplied by

1 0.33.

2 For the 2003-2004 school year only, the grant shall be no  
3 greater than the grant received during the 2002-2003 school  
4 year added to the product of 0.25 multiplied by the difference  
5 between the grant amount calculated under subsection (a) or (b)  
6 of this paragraph (2.10), whichever is applicable, and the  
7 grant received during the 2002-2003 school year. For the  
8 2004-2005 school year only, the grant shall be no greater than  
9 the grant received during the 2002-2003 school year added to  
10 the product of 0.50 multiplied by the difference between the  
11 grant amount calculated under subsection (a) or (b) of this  
12 paragraph (2.10), whichever is applicable, and the grant  
13 received during the 2002-2003 school year. For the 2005-2006  
14 school year only, the grant shall be no greater than the grant  
15 received during the 2002-2003 school year added to the product  
16 of 0.75 multiplied by the difference between the grant amount  
17 calculated under subsection (a) or (b) of this paragraph  
18 (2.10), whichever is applicable, and the grant received during  
19 the 2002-2003 school year.

20 (3) School districts with an Average Daily Attendance of  
21 more than 1,000 and less than 50,000 that qualify for  
22 supplemental general State aid pursuant to this subsection  
23 shall submit a plan to the State Board of Education prior to  
24 October 30 of each year for the use of the funds resulting from  
25 this grant of supplemental general State aid for the  
26 improvement of instruction in which priority is given to  
27 meeting the education needs of disadvantaged children. Such  
28 plan shall be submitted in accordance with rules and  
29 regulations promulgated by the State Board of Education.

30 (4) School districts with an Average Daily Attendance of  
31 50,000 or more that qualify for supplemental general State aid  
32 pursuant to this subsection shall be required to distribute  
33 from funds available pursuant to this Section, no less than  
34 \$261,000,000 in accordance with the following requirements:

35 (a) The required amounts shall be distributed to the  
36 attendance centers within the district in proportion to the

1 number of pupils enrolled at each attendance center who are  
2 eligible to receive free or reduced-price lunches or  
3 breakfasts under the federal Child Nutrition Act of 1966  
4 and under the National School Lunch Act during the  
5 immediately preceding school year.

6 (b) The distribution of these portions of supplemental  
7 and general State aid among attendance centers according to  
8 these requirements shall not be compensated for or  
9 contravened by adjustments of the total of other funds  
10 appropriated to any attendance centers, and the Board of  
11 Education shall utilize funding from one or several sources  
12 in order to fully implement this provision annually prior  
13 to the opening of school.

14 (c) Each attendance center shall be provided by the  
15 school district a distribution of noncategorical funds and  
16 other categorical funds to which an attendance center is  
17 entitled under law in order that the general State aid and  
18 supplemental general State aid provided by application of  
19 this subsection supplements rather than supplants the  
20 noncategorical funds and other categorical funds provided  
21 by the school district to the attendance centers.

22 (d) Any funds made available under this subsection that  
23 by reason of the provisions of this subsection are not  
24 required to be allocated and provided to attendance centers  
25 may be used and appropriated by the board of the district  
26 for any lawful school purpose.

27 (e) Funds received by an attendance center pursuant to  
28 this subsection shall be used by the attendance center at  
29 the discretion of the principal and local school council  
30 for programs to improve educational opportunities at  
31 qualifying schools through the following programs and  
32 services: early childhood education, reduced class size or  
33 improved adult to student classroom ratio, enrichment  
34 programs, remedial assistance, attendance improvement, and  
35 other educationally beneficial expenditures which  
36 supplement the regular and basic programs as determined by

1 the State Board of Education. Funds provided shall not be  
2 expended for any political or lobbying purposes as defined  
3 by board rule.

4 (f) Each district subject to the provisions of this  
5 subdivision (H) (4) shall submit an acceptable plan to meet  
6 the educational needs of disadvantaged children, in  
7 compliance with the requirements of this paragraph, to the  
8 State Board of Education prior to July 15 of each year.  
9 This plan shall be consistent with the decisions of local  
10 school councils concerning the school expenditure plans  
11 developed in accordance with part 4 of Section 34-2.3. The  
12 State Board shall approve or reject the plan within 60 days  
13 after its submission. If the plan is rejected, the district  
14 shall give written notice of intent to modify the plan  
15 within 15 days of the notification of rejection and then  
16 submit a modified plan within 30 days after the date of the  
17 written notice of intent to modify. Districts may amend  
18 approved plans pursuant to rules promulgated by the State  
19 Board of Education.

20 Upon notification by the State Board of Education that  
21 the district has not submitted a plan prior to July 15 or a  
22 modified plan within the time period specified herein, the  
23 State aid funds affected by that plan or modified plan  
24 shall be withheld by the State Board of Education until a  
25 plan or modified plan is submitted.

26 If the district fails to distribute State aid to  
27 attendance centers in accordance with an approved plan, the  
28 plan for the following year shall allocate funds, in  
29 addition to the funds otherwise required by this  
30 subsection, to those attendance centers which were  
31 underfunded during the previous year in amounts equal to  
32 such underfunding.

33 For purposes of determining compliance with this  
34 subsection in relation to the requirements of attendance  
35 center funding, each district subject to the provisions of  
36 this subsection shall submit as a separate document by

1 December 1 of each year a report of expenditure data for  
2 the prior year in addition to any modification of its  
3 current plan. If it is determined that there has been a  
4 failure to comply with the expenditure provisions of this  
5 subsection regarding contravention or supplanting, the  
6 State Superintendent of Education shall, within 60 days of  
7 receipt of the report, notify the district and any affected  
8 local school council. The district shall within 45 days of  
9 receipt of that notification inform the State  
10 Superintendent of Education of the remedial or corrective  
11 action to be taken, whether by amendment of the current  
12 plan, if feasible, or by adjustment in the plan for the  
13 following year. Failure to provide the expenditure report  
14 or the notification of remedial or corrective action in a  
15 timely manner shall result in a withholding of the affected  
16 funds.

17 The State Board of Education shall promulgate rules and  
18 regulations to implement the provisions of this  
19 subsection. No funds shall be released under this  
20 subdivision (H)(4) to any district that has not submitted a  
21 plan that has been approved by the State Board of  
22 Education.

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

24 (1) For a new school district formed by combining property  
25 included totally within 2 or more previously existing school  
26 districts, for its first year of existence the general State  
27 aid and supplemental general State aid calculated under this  
28 Section shall be computed for the new district and for the  
29 previously existing districts for which property is totally  
30 included within the new district. If the computation on the  
31 basis of the previously existing districts is greater, a  
32 supplementary payment equal to the difference shall be made for  
33 the first 4 years of existence of the new district.

34 (2) For a school district which annexes all of the  
35 territory of one or more entire other school districts, for the

1 first year during which the change of boundaries attributable  
2 to such annexation becomes effective for all purposes as  
3 determined under Section 7-9 or 7A-8, the general State aid and  
4 supplemental general State aid calculated under this Section  
5 shall be computed for the annexing district as constituted  
6 after the annexation and for the annexing and each annexed  
7 district as constituted prior to the annexation; and if the  
8 computation on the basis of the annexing and annexed districts  
9 as constituted prior to the annexation is greater, a  
10 supplementary payment equal to the difference shall be made for  
11 the first 4 years of existence of the annexing school district  
12 as constituted upon such annexation.

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

1 annexing or resulting districts, as constituted upon such  
2 annexation or division, for the first 4 years of their  
3 existence. The total difference payment shall be allocated  
4 between or among the annexing or resulting districts in the  
5 same ratio as the pupil enrollment from that portion of the  
6 annexed or divided district or districts which is annexed to or  
7 included in each such annexing or resulting district bears to  
8 the total pupil enrollment from the entire annexed or divided  
9 district or districts, as such pupil enrollment is determined  
10 for the school year last ending prior to the date when the  
11 change of boundaries attributable to the annexation or division  
12 becomes effective for all purposes. The amount of the total  
13 difference payment and the amount thereof to be allocated to  
14 the annexing or resulting districts shall be computed by the  
15 State Board of Education on the basis of pupil enrollment and  
16 other data which shall be certified to the State Board of  
17 Education, on forms which it shall provide for that purpose, by  
18 the regional superintendent of schools for each educational  
19 service region in which the annexing and annexed districts, or  
20 resulting and divided districts are located.

21 (3.5) Claims for financial assistance under this  
22 subsection (I) shall not be recomputed except as expressly  
23 provided under this Section.

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

27 (J) Supplementary Grants in Aid.

28 (1) Notwithstanding any other provisions of this Section,  
29 the amount of the aggregate general State aid in combination  
30 with supplemental general State aid under this Section for  
31 which each school district is eligible shall be no less than  
32 the amount of the aggregate general State aid entitlement that  
33 was received by the district under Section 18-8 (exclusive of  
34 amounts received under subsections 5(p) and 5(p-5) of that  
35 Section) for the 1997-98 school year, pursuant to the

1 provisions of that Section as it was then in effect. If a  
2 school district qualifies to receive a supplementary payment  
3 made under this subsection (J), the amount of the aggregate  
4 general State aid in combination with supplemental general  
5 State aid under this Section which that district is eligible to  
6 receive for each school year shall be no less than the amount  
7 of the aggregate general State aid entitlement that was  
8 received by the district under Section 18-8 (exclusive of  
9 amounts received under subsections 5(p) and 5(p-5) of that  
10 Section) for the 1997-1998 school year, pursuant to the  
11 provisions of that Section as it was then in effect.

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

23 (3) (Blank).

24 (K) Grants to Laboratory and Alternative Schools.

25 In calculating the amount to be paid to the governing board  
26 of a public university that operates a laboratory school under  
27 this Section or to any alternative school that is operated by a  
28 regional superintendent of schools, the State Board of  
29 Education shall require by rule such reporting requirements as  
30 it deems necessary.

31 As used in this Section, "laboratory school" means a public  
32 school which is created and operated by a public university and  
33 approved by the State Board of Education. The governing board  
34 of a public university which receives funds from the State  
35 Board under this subsection (K) may not increase the number of

1 students enrolled in its laboratory school from a single  
2 district, if that district is already sending 50 or more  
3 students, except under a mutual agreement between the school  
4 board of a student's district of residence and the university  
5 which operates the laboratory school. A laboratory school may  
6 not have more than 1,000 students, excluding students with  
7 disabilities in a special education program.

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

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

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

33 (1) For a school district operating under the financial  
34 supervision of an Authority created under Article 34A, the  
35 general State aid otherwise payable to that district under this

1 Section, but not the supplemental general State aid, shall be  
2 reduced by an amount equal to the budget for the operations of  
3 the Authority as certified by the Authority to the State Board  
4 of Education, and an amount equal to such reduction shall be  
5 paid to the Authority created for such district for its  
6 operating expenses in the manner provided in Section 18-11. The  
7 remainder of general State school aid for any such district  
8 shall be paid in accordance with Article 34A when that Article  
9 provides for a disposition other than that provided by this  
10 Article.

11 (2) (Blank).

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

14 (M) Education Funding Advisory Board.

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

1 January, 2001, and 2 of their number to serve for terms that  
2 commence on the date of their respective appointments and  
3 expire on the third Monday of January, 2000. All members  
4 appointed to serve on the Board shall serve until their  
5 respective successors are appointed and confirmed. Vacancies  
6 shall be filled in the same manner as original appointments. If  
7 a vacancy in membership occurs at a time when the Senate is not  
8 in session, the Governor shall make a temporary appointment  
9 until the next meeting of the Senate, when he or she shall  
10 appoint, by and with the advice and consent of the Senate, a  
11 person to fill that membership for the unexpired term. If the  
12 Senate is not in session when the initial appointments are  
13 made, those appointments shall be made as in the case of  
14 vacancies.

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

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

27 For school years after the 2000-2001 school year, the  
28 Education Funding Advisory Board, in consultation with the  
29 State Board of Education, shall make recommendations as  
30 provided in this subsection (M) to the General Assembly for the  
31 foundation level under subsection (B) ~~subdivision (B)(3)~~ of  
32 this Section and for the supplemental general State aid grant  
33 level under subsection (H) of this Section for districts with  
34 high concentrations of children from poverty. The recommended  
35 foundation level shall be determined based on a methodology  
36 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)

31 Sec. 18-19. The State Board of Education shall ~~may~~ make  
32 distributions of moneys ~~monies~~ from the Education Assistance

1 Fund, pursuant to appropriation, in addition to such sums as  
2 may have been otherwise appropriated for the same purpose, for  
3 any of the purposes set forth in this Article, subject to the  
4 same terms and conditions that apply to distributions under the  
5 several sections of this Article, respectively, and as follows:

6 (1) \$500,000,000 per year to the Higher Education  
7 Operating Assistance Fund.

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

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

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

15 (105 ILCS 5/18-25 new)

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

27 For school years after the 2005-2006 school year and every  
28 2 fiscal years thereafter, the Board must make a recommendation  
29 to the General Assembly concerning appropriations from the  
30 Education Assistance Fund. The Board must make its  
31 recommendation to the General Assembly on April 1 of each even  
32 numbered year, beginning on April 1, 2008.

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

1 (110 ILCS 805/2-16.02) (from Ch. 122, par. 102-16.02)

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

32 Base operating grants shall be paid based on rates per  
33 funded semester credit hour or equivalent calculated by the  
34 State Board for funded instructional categories using cost of  
35 instruction, enrollment, inflation, and other relevant

1 factors. A portion of the base operating grant shall be  
2 allocated on the basis of non-residential gross square footage  
3 of space maintained by the district.

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

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

1 method for allocating equalization funding. A minimum  
2 equalization grant of an amount per district as determined by  
3 the State Board shall be established for any community college  
4 district which qualifies for an equalization grant based upon  
5 the preceding criteria, but becomes ineligible for  
6 equalization funding, or would have received a grant of less  
7 than the minimum equalization grant, due to threshold  
8 prorations applied to reduce equalization funding. As of July  
9 1, 2004, a community college district must maintain a minimum  
10 required combined in-district tuition and universal fee rate  
11 per semester credit hour equal to 85% of the State-average  
12 combined rate, as determined by the State Board, for  
13 equalization funding. As of July 1, 2004, a community college  
14 district must maintain a minimum required operating tax rate  
15 equal to at least 95% of its maximum authorized tax rate to  
16 qualify for equalization funding. This 95% minimum tax rate  
17 requirement shall be based upon the maximum operating tax rate  
18 as limited by the Property Tax Extension Limitation Law.

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

21 Each community college district entitled to State grants  
22 under this Section must submit a report of its enrollment to  
23 the State Board not later than 30 days following the end of  
24 each semester, quarter, or term in a format prescribed by the  
25 State Board. These semester credit hours, or equivalent, shall  
26 be certified by each district on forms provided by the State  
27 Board. Each district's certified semester credit hours, or  
28 equivalent, are subject to audit pursuant to Section 3-22.1.

29 The State Board shall certify, prepare, and submit to the  
30 State Comptroller during August, November, February, and May of  
31 each fiscal year vouchers setting forth an amount equal to 25%  
32 of the grants approved by the State Board for base operating  
33 grants and equalization grants. The State Board shall prepare  
34 and submit to the State Comptroller vouchers for payments of  
35 other grants as appropriated by the General Assembly. If the  
36 amount appropriated for grants is different from the amount

1 provided for such grants under this Act, the grants shall be  
2 proportionately reduced or increased accordingly.

3 For the purposes of this Section, "resident student" means  
4 a student in a community college district who maintains  
5 residency in that district or meets other residency definitions  
6 established by the State Board, and who was enrolled either in  
7 one of the approved instructional program categories in that  
8 district, or in another community college district to which the  
9 resident's district is paying tuition under Section 6-2 or with  
10 which the resident's district has entered into a cooperative  
11 agreement in lieu of such tuition.

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

14 The Illinois Community College Board Contracts and Grants  
15 Fund is hereby created in the State Treasury. Items of income  
16 to this fund shall include any grants, awards, endowments, or  
17 like proceeds, and where appropriate, other funds made  
18 available through contracts with governmental, public, and  
19 private agencies or persons. The General Assembly shall from  
20 time to time make appropriations payable from such fund for the  
21 support, improvement, and expenses of the State Board and  
22 Illinois community college districts.

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

24 Section 99. Effective date. This Act takes effect upon  
25 becoming law.

1		INDEX
2		Statutes amended in order of appearance
3	30 ILCS 105/5.640 new	
4	30 ILCS 105/5.645 new	
5	30 ILCS 105/6z-68 new	
6	30 ILCS 105/6z-69 new	
7	30 ILCS 105/8h	
8	35 ILCS 5/201	from Ch. 120, par. 2-201
9	35 ILCS 5/901	from Ch. 120, par. 9-901
10	35 ILCS 200/18-178 new	
11	35 ILCS 200/18-255	
12	35 ILCS 200/20-15	
13	35 ILCS 200/21-30	
14	105 ILCS 5/18-8.05	
15	105 ILCS 5/18-19	from Ch. 122, par. 18-19
16	105 ILCS 5/18-25 new	
17	110 ILCS 805/2-16.02	from Ch. 122, par. 102-16.02