



Sen. Richard J. Winkel Jr.

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1 AMENDMENT TO SENATE BILL 1484

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1484, AS AMENDED,  
3 by replacing everything after the enacting clause with the  
4 following:

5 "Section 5. The State Finance Act is amended by changing  
6 Section 8h and by adding Sections 5.640, 5.645, 6z-68, and  
7 6z-69 as follows:

8 (30 ILCS 105/5.640 new)

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

11 (30 ILCS 105/5.645 new)

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

13 (30 ILCS 105/6z-68 new)

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

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

18 (b) As used in this Section:

19 "Department" means the Department of Revenue.

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

22 "Property tax relief grant" means the amount of property

1 tax relief that will be distributed to each school district  
2 from the School District Property Tax Relief Fund in each  
3 fiscal year.

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

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

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

29 (A) for fiscal year 2006, each school district  
30 shall receive a property tax relief grant in an amount  
31 equal to one-third of the total property taxes levied  
32 for that school district in tax year 2001 (payable in  
33 2002); and

34 (B) for each fiscal year thereafter, the property

1           tax relief grant for each school district must be  
2           increased by the percentage increase, if any, in the  
3           Consumer Price Index For All Urban Consumers published  
4           for the prior fiscal year.

5           (e) This amendatory Act of the 94th General Assembly  
6           constitutes an irrevocable and continuing appropriation (i)  
7           from the Education Assistance Fund to the School District  
8           Property Tax Relief Fund and (ii) from the School District  
9           Property Tax Relief Fund to the school districts for property  
10           tax relief grants in accordance with the provisions of this  
11           Section.

12           (30 ILCS 105/6z-69 new)

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

14           (a) The Higher Education Operating Assistance Fund is  
15           created as a special fund in the State treasury. Moneys in the  
16           Fund may be used only for the purposes set forth in this  
17           Section. All interest earned on moneys in the Fund must be  
18           deposited into the Fund.

19           (b) Each fiscal year, beginning in fiscal year 2006, the  
20           General Assembly must appropriate \$375,000,000 from the  
21           Education Assistance Fund to the Higher Education Operating  
22           Assistance Fund.

23           (c) In each fiscal year, beginning in fiscal year 2006, if  
24           the amount appropriated for higher education purposes equals or  
25           exceeds the total appropriation for higher education purposes  
26           from the prior fiscal year multiplied by the percentage of  
27           increase, in the previous calendar year, of the Consumer Price  
28           Index for all Urban Consumers published by the federal Bureau  
29           of Labor Statistics ("CPI"), then both of the following apply:

30           (1) The General Assembly must appropriate 80% of the  
31           moneys in the Higher Education Operating Assistance Fund to  
32           the Board of Higher Education for grants to State  
33           universities for their ordinary and contingent expenses.

1       The grants under this item (1) must be distributed to each  
2       State university based upon each university's full time  
3       equivalent head count.

4       (2) The General Assembly must appropriate 20% of the  
5       moneys in the Higher Education Operating Assistance Fund to  
6       the Illinois Community College Board for grants to  
7       community colleges for their ordinary and contingent  
8       expenses. The grants under this item (2) must be  
9       distributed as supplemental base operating grants under  
10       Section 2-16.02 of the Public Community College Act.

11       If, however, the amount appropriated for higher education  
12       purposes is less than the amount of the total appropriation for  
13       higher education purposes from the prior fiscal year as  
14       adjusted by the percentage increase in CPI, then no moneys may  
15       be appropriated from the Higher Education Operating Assistance  
16       Fund for that fiscal year for any purpose.

17       For purposes of this subsection (c), the term "amount  
18       appropriated for higher education purposes" does not include  
19       any amount appropriated from the Higher Education Operating  
20       Assistance Fund.

21       (d) This amendatory Act of the 94th General Assembly  
22       constitutes an irrevocable and continuing appropriation (i)  
23       from the Education Assistance Fund to the Higher Education  
24       Operating Assistance Fund and (ii) from the Higher Education  
25       Operating Assistance Fund to the Board of Higher Education and  
26       to the Illinois Community College Board in accordance with the  
27       provisions of this Section.

28       (30 ILCS 105/8h)

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

30       (a) Except as provided in subsection (b), notwithstanding  
31       any other State law to the contrary, the Governor may, through  
32       June 30, 2007, from time to time direct the State Treasurer and  
33       Comptroller to transfer a specified sum from any fund held by

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

1 Fund, or the Mandatory Arbitration Fund.

2 In determining the available balance in a fund, the  
3 Governor may include receipts, transfers into the fund, and  
4 other resources anticipated to be available in the fund in that  
5 fiscal year.

6 The State Treasurer and Comptroller shall transfer the  
7 amounts designated under this Section as soon as may be  
8 practicable after receiving the direction to transfer from the  
9 Governor.

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

12 (Source: P.A. 93-32, eff. 6-20-03; 93-659, eff. 2-3-04; 93-674,  
13 eff. 6-10-04; 93-714, eff. 7-12-04; 93-801, eff. 7-22-04;  
14 93-839, eff. 7-30-04; 93-1054, eff. 11-18-04; 93-1067, eff.  
15 1-15-05.)

16 Section 7. The General Obligation Bond Act is amended by  
17 changing Sections 2 and 5 as follows:

18 (30 ILCS 330/2) (from Ch. 127, par. 652)

19 Sec. 2. Authorization for Bonds. The State of Illinois is  
20 authorized to issue, sell and provide for the retirement of  
21 General Obligation Bonds of the State of Illinois for the  
22 categories and specific purposes expressed in Sections 2  
23 through 8 of this Act, in the total amount of \$28,658,149,369  
24 ~~\$27,658,149,369~~.

25 The bonds authorized in this Section 2 and in Section 16 of  
26 this Act are herein called "Bonds".

27 Of the total amount of Bonds authorized in this Act, up to  
28 \$2,200,000,000 in aggregate original principal amount may be  
29 issued and sold in accordance with the Baccalaureate Savings  
30 Act in the form of General Obligation College Savings Bonds.

31 Of the total amount of Bonds authorized in this Act, up to  
32 \$300,000,000 in aggregate original principal amount may be

1 issued and sold in accordance with the Retirement Savings Act  
2 in the form of General Obligation Retirement Savings Bonds.

3 Of the total amount of Bonds authorized in this Act, the  
4 additional \$10,000,000,000 authorized by this amendatory Act  
5 of the 93rd General Assembly shall be used solely as provided  
6 in Section 7.2.

7 The issuance and sale of Bonds pursuant to the General  
8 Obligation Bond Act is an economical and efficient method of  
9 financing the long-term capital needs of the State. This Act  
10 will permit the issuance of a multi-purpose General Obligation  
11 Bond with uniform terms and features. This will not only lower  
12 the cost of registration but also reduce the overall cost of  
13 issuing debt by improving the marketability of Illinois General  
14 Obligation Bonds.

15 (Source: P.A. 92-13, eff. 6-22-01; 92-596, eff. 6-28-02;  
16 92-598, eff. 6-28-02; 93-2, eff. 4-7-03; 93-839, eff. 7-30-04.)

17 (30 ILCS 330/5) (from Ch. 127, par. 655)

18 Sec. 5. School Construction.

19 (a) The amount of \$58,450,000 is authorized to make grants  
20 to local school districts for the acquisition, development,  
21 construction, reconstruction, rehabilitation, improvement,  
22 financing, architectural planning and installation of capital  
23 facilities, including but not limited to those required for  
24 special education building projects provided for in Article 14  
25 of The School Code, consisting of buildings, structures, and  
26 durable equipment, and for the acquisition and improvement of  
27 real property and interests in real property required, or  
28 expected to be required, in connection therewith.

29 (b) \$22,550,000, or so much thereof as may be necessary,  
30 for grants to school districts for the making of principal and  
31 interest payments, required to be made, on bonds issued by such  
32 school districts after January 1, 1969, pursuant to any  
33 indenture, ordinance, resolution, agreement or contract to

1 provide funds for the acquisition, development, construction,  
 2 reconstruction, rehabilitation, improvement, architectural  
 3 planning and installation of capital facilities consisting of  
 4 buildings, structures, durable equipment and land for  
 5 educational purposes or for lease payments required to be made  
 6 by a school district for principal and interest payments on  
 7 bonds issued by a Public Building Commission after January 1,  
 8 1969.

9 (c) \$10,000,000 for grants to school districts for the  
 10 acquisition, development, construction, reconstruction,  
 11 rehabilitation, improvement, architectural planning and  
 12 installation of capital facilities consisting of buildings  
 13 structures, durable equipment and land for special education  
 14 building projects.

15 (d) \$9,000,000 for grants to school districts for the  
 16 reconstruction, rehabilitation, improvement, financing and  
 17 architectural planning of capital facilities, including  
 18 construction at another location to replace such capital  
 19 facilities, consisting of those public school buildings and  
 20 temporary school facilities which, prior to January 1, 1984,  
 21 were condemned by the regional superintendent under Section  
 22 3-14.22 of The School Code or by any State official having  
 23 jurisdiction over building safety.

24 (e) \$4,050,000,000 ~~\$3,050,000,000~~ for grants to school  
 25 districts for school improvement projects authorized by the  
 26 School Construction Law. The bonds shall be sold in amounts not  
 27 to exceed the following schedule, except any bonds not sold  
 28 during one year shall be added to the bonds to be sold during  
 29 the remainder of the schedule:

30	First year .....	\$200,000,000
31	Second year .....	\$450,000,000
32	Third year .....	\$500,000,000
33	Fourth year .....	\$500,000,000
34	Fifth year .....	\$800,000,000



1        Sixth, seventh, and eighth year ~~and thereafter~~ \$600,000,000  
 2        Ninth year and thereafter ..... \$1,000,000,000

3        (Source: P.A. 91-39, eff. 6-15-99; 92-598, eff. 6-28-02.)

4        Section 10. The Illinois Income Tax Act is amended by  
 5        changing Sections 201, 212, and 901 as follows:

6            (35 ILCS 5/201) (from Ch. 120, par. 2-201)  
 7            Sec. 201. Tax Imposed.

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

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

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

22           (2) In the case of an individual, trust or estate, for  
 23       taxable years beginning prior to July 1, 1989 and ending  
 24       after June 30, 1989, an amount equal to the sum of (i) 2  
 25       1/2% of the taxpayer's net income for the period prior to  
 26       July 1, 1989, as calculated under Section 202.3, and (ii)  
 27       3% of the taxpayer's net income for the period after June  
 28       30, 1989, as calculated under Section 202.3.

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

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

5           (5) (Blank).

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

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

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

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

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

1 subdivision thereof.

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

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

1 income by the foreign insurer's state of domicile. For the  
2 purposes of this subsection (d-1), an inter-affiliate includes  
3 a mutual insurer under common management.

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

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

10 (B) the privilege tax imposed by Section 409 of the  
11 Illinois Insurance Code, the fire insurance company  
12 tax imposed by Section 12 of the Fire Investigation  
13 Act, and the fire department taxes imposed under  
14 Section 11-10-1 of the Illinois Municipal Code,  
15 equals 1.25% for taxable years ending prior to December 31,  
16 2003, or 1.75% for taxable years ending on or after  
17 December 31, 2003, of the net taxable premiums written for  
18 the taxable year, as described by subsection (1) of Section  
19 409 of the Illinois Insurance Code. This paragraph will in  
20 no event increase the rates imposed under subsections (b)  
21 and (d).

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

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

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

34 (1) A taxpayer shall be allowed a credit equal to .5%

1 of the basis of qualified property placed in service during  
2 the taxable year, provided such property is placed in  
3 service on or after July 1, 1984. There shall be allowed an  
4 additional credit equal to .5% of the basis of qualified  
5 property placed in service during the taxable year,  
6 provided such property is placed in service on or after  
7 July 1, 1986, and the taxpayer's base employment within  
8 Illinois has increased by 1% or more over the preceding  
9 year as determined by the taxpayer's employment records  
10 filed with the Illinois Department of Employment Security.  
11 Taxpayers who are new to Illinois shall be deemed to have  
12 met the 1% growth in base employment for the first year in  
13 which they file employment records with the Illinois  
14 Department of Employment Security. The provisions added to  
15 this Section by Public Act 85-1200 (and restored by Public  
16 Act 87-895) shall be construed as declaratory of existing  
17 law and not as a new enactment. If, in any year, the  
18 increase in base employment within Illinois over the  
19 preceding year is less than 1%, the additional credit shall  
20 be limited to that percentage times a fraction, the  
21 numerator of which is .5% and the denominator of which is  
22 1%, but shall not exceed .5%. The investment credit shall  
23 not be allowed to the extent that it would reduce a  
24 taxpayer's liability in any tax year below zero, nor may  
25 any credit for qualified property be allowed for any year  
26 other than the year in which the property was placed in  
27 service in Illinois. For tax years ending on or after  
28 December 31, 1987, and on or before December 31, 1988, the  
29 credit shall be allowed for the tax year in which the  
30 property is placed in service, or, if the amount of the  
31 credit exceeds the tax liability for that year, whether it  
32 exceeds the original liability or the liability as later  
33 amended, such excess may be carried forward and applied to  
34 the tax liability of the 5 taxable years following the

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

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

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

33 (B) is depreciable pursuant to Section 167 of the  
34 Internal Revenue Code, except that "3-year property"

1 as defined in Section 168(c)(2)(A) of that Code is not  
2 eligible for the credit provided by this subsection  
3 (e);

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

6 (D) is used in Illinois by a taxpayer who is  
7 primarily engaged in manufacturing, or in mining coal  
8 or fluorite, or in retailing; and

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

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

25 (4) The basis of qualified property shall be the basis  
26 used to compute the depreciation deduction for federal  
27 income tax purposes.

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

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

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

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

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



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

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

18 (f) Investment credit; Enterprise Zone.

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

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

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

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

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

23                   (C) is acquired by purchase as defined in Section  
24                   179(d) of the Internal Revenue Code;

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

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

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

34           (4) If the basis of the property for federal income tax

1 depreciation purposes is increased after it has been placed  
2 in service in the Enterprise Zone by the taxpayer, the  
3 amount of such increase shall be deemed property placed in  
4 service on the date of such increase in basis.

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

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

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

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

34 (2) To qualify for the credit:

1 (A) the taxpayer must hire 5 or more eligible  
2 employees to work in an enterprise zone or federally  
3 designated Foreign Trade Zone or Sub-Zone during the  
4 taxable year;

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

13 (C) the eligible employees must be employed 180  
14 consecutive days in order to be deemed hired for  
15 purposes of this subsection.

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

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

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

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

34 (D) A full-time employee working 30 or more hours

1 per week.

2 (4) For tax years ending on or after December 31, 1985  
3 and prior to December 31, 1988, the credit shall be allowed  
4 for the tax year in which the eligible employees are hired.  
5 For tax years ending on or after December 31, 1988, the  
6 credit shall be allowed for the tax year immediately  
7 following the tax year in which the eligible employees are  
8 hired. If the amount of the credit exceeds the tax  
9 liability for that year, whether it exceeds the original  
10 liability or the liability as later amended, such excess  
11 may be carried forward and applied to the tax liability of  
12 the 5 taxable years following the excess credit year. The  
13 credit shall be applied to the earliest year for which  
14 there is a liability. If there is credit from more than one  
15 tax year that is available to offset a liability, earlier  
16 credit shall be applied first.

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

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

22 (h) Investment credit; High Impact Business.

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

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

28 Changes made in this subdivision (h)(1) by Public Act  
29 88-670 restore changes made by Public Act 85-1182 and  
30 reflect existing law.

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

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

34 (B) is depreciable pursuant to Section 167 of the

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

5 (C) is acquired by purchase as defined in Section  
6 179(d) of the Internal Revenue Code; and

7 (D) is not eligible for the Enterprise Zone  
8 Investment Credit provided by subsection (f) of this  
9 Section.

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

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

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

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

1 basis of qualified property resulting from a  
2 redetermination of the purchase price shall be deemed a  
3 disposition of qualified property to the extent of such  
4 reduction.

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

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

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



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

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

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

34 Any credit allowed under this subsection which is unused in

1 the year the credit is earned may be carried forward to each of  
2 the 5 taxable years following the year for which the credit is  
3 first computed until it is used. This credit shall be applied  
4 first to the earliest year for which there is a liability. If  
5 there is a credit under this subsection from more than one tax  
6 year that is available to offset a liability the earliest  
7 credit arising under this subsection shall be applied first. No  
8 carryforward credit may be claimed in any tax year ending on or  
9 after December 31, 2003.

10 (k) Research and development credit.

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

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

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

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

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

26 No inference shall be drawn from this amendatory Act of the  
27 91st General Assembly in construing this Section for taxable  
28 years beginning before January 1, 1999.

29 (1) Environmental Remediation Tax Credit.

30 (i) For tax years ending after December 31, 1997 and on  
31 or before December 31, 2001, a taxpayer shall be allowed a  
32 credit against the tax imposed by subsections (a) and (b)  
33 of this Section for certain amounts paid for unreimbursed  
34 eligible remediation costs, as specified in this

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

1 Department of Commerce and Economic Opportunity). The  
2 total credit allowed shall not exceed \$40,000 per year with  
3 a maximum total of \$150,000 per site. For partners and  
4 shareholders of subchapter S corporations, there shall be  
5 allowed a credit under this subsection to be determined in  
6 accordance with the determination of income and  
7 distributive share of income under Sections 702 and 704 and  
8 subchapter S of the Internal Revenue Code.

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

34 (iii) For purposes of this Section, the term "site"

1 shall have the same meaning as under Section 58.2 of the  
2 Environmental Protection Act.

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

15 For purposes of this subsection:

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

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

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

34 "Custodian" means, with respect to qualifying pupils, an

1 Illinois resident who is a parent, the parents, a legal  
2 guardian, or the legal guardians of the qualifying pupils.

3 (Source: P.A. 92-12, eff. 7-1-01; 92-16, eff. 6-28-01; 92-651,  
4 eff. 7-11-02; 93-840, eff. 7-30-04; 92-846, eff. 8-23-02;  
5 93-29, eff. 6-20-03; 93-840, eff. 7-30-04; 93-871, eff. 8-6-04;  
6 revised 10-25-04.)

7 (35 ILCS 5/212)

8 Sec. 212. Earned income tax credit.

9 (a) With respect to the federal earned income tax credit  
10 allowed for the taxable year under Section 32 of the federal  
11 Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer  
12 is entitled to a credit against the tax imposed by subsections  
13 (a) and (b) of Section 201 in an amount equal to 5% of the  
14 federal tax credit for each taxable year beginning on or after  
15 January 1, 2000 and ending before December 31, 2006 and in an  
16 amount equal to 10% of the federal tax credit for each taxable  
17 year ending on or after December 31, 2006.

18 For a non-resident or part-year resident, the amount of the  
19 credit under this Section shall be in proportion to the amount  
20 of income attributable to this State.

21 (b) For taxable years beginning before January 1, 2003, in  
22 no event shall a credit under this Section reduce the  
23 taxpayer's liability to less than zero. For each taxable year  
24 beginning on or after January 1, 2003, if the amount of the  
25 credit exceeds the income tax liability for the applicable tax  
26 year, then the excess credit shall be refunded to the taxpayer.  
27 The amount of a refund shall not be included in the taxpayer's  
28 income or resources for the purposes of determining eligibility  
29 or benefit level in any means-tested benefit program  
30 administered by a governmental entity unless required by  
31 federal law.

32 (b-5) Refunds authorized by subsection (b) are subject to  
33 the availability of funds from the federal Temporary Assistance

1 for Needy Families Block Grant and the State's ability to meet  
2 its required Maintenance of Effort.

3 (c) This Section is exempt from the provisions of Section  
4 250.

5 (Source: P.A. 93-534, eff. 8-18-03; 93-653, eff. 1-8-04.)

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

7 Sec. 901. Collection Authority.

8 (a) In general.

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

25 (b) Local Governmental Distributive Fund.

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



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

26 (c) Deposits Into Income Tax Refund Fund.

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

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

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

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

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

31 (d) Expenditures from Income Tax Refund Fund.

32 (1) Beginning January 1, 1989, money in the Income Tax  
33 Refund Fund shall be expended exclusively for the purpose  
34 of paying refunds resulting from overpayment of tax

1 liability under Section 201 of this Act, for paying rebates  
2 under Section 208.1 in the event that the amounts in the  
3 Homeowners' Tax Relief Fund are insufficient for that  
4 purpose, and for making transfers pursuant to this  
5 subsection (d).

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

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

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

1 Section 201 of the Illinois Income Tax Act, minus deposits into  
2 the Income Tax Refund Fund, the Department shall deposit 3.0%  
3 into the Income Tax Surcharge Local Government Distributive  
4 Fund in the State Treasury. Beginning February 1, 1993 and  
5 continuing through June 30, 1993, of the amounts collected  
6 pursuant to subsections (a) and (b) of Section 201 of the  
7 Illinois Income Tax Act, minus deposits into the Income Tax  
8 Refund Fund, the Department shall deposit 4.4% into the Income  
9 Tax Surcharge Local Government Distributive Fund in the State  
10 Treasury. Beginning July 1, 1993, and continuing through June  
11 30, 1994, of the amounts collected under subsections (a) and  
12 (b) of Section 201 of this Act, minus deposits into the Income  
13 Tax Refund Fund, the Department shall deposit 1.475% into the  
14 Income Tax Surcharge Local Government Distributive Fund in the  
15 State Treasury.

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

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

21 (35 ILCS 200/18-178 new)

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

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

19 (35 ILCS 200/18-255)

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

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

29 (35 ILCS 200/20-15)

30 Sec. 20-15. Information on bill or separate statement. The  
31 amount of tax due and rates shown on the tax bill pursuant to  
32 this Section shall be net of any abatement under Section

1 18-178. There shall be printed on each bill, or on a separate  
2 slip which shall be mailed with the bill:

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

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

18 (c) the total tax rate,

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

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

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

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

29 In all counties the statement shall also provide:

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

32 (2) the assessment of the property,

33 (3) the equalization factors imposed by the county and  
34 by the Department, and



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

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

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

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

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

1           Sec. 21-30. Accelerated billing. Except as provided in this  
2 Section, Section 9-260, and Section 21-40, in counties with  
3 3,000,000 or more inhabitants, by January 31 annually,  
4 estimated tax bills setting out the first installment of  
5 property taxes for the preceding year, payable in that year,  
6 shall be prepared and mailed. The first installment of taxes on  
7 the estimated tax bills shall be computed at 50% of the total  
8 of each tax bill before the abatement of taxes under Section  
9 18-178 for the preceding year, 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. If, prior to  
12 the preparation of the estimated tax bills, a certificate of  
13 error has been either approved by a court on or before November  
14 30 of the preceding year or certified pursuant to Section 14-15  
15 on or before November 30 of the preceding year, then the first  
16 installment of taxes on the estimated tax bills shall be  
17 computed at 50% of the total taxes before the abatement of  
18 taxes under Section 18-178 for the preceding year as corrected  
19 by the certificate of error, less an estimate of one-half of  
20 the school district property tax relief grant for the current  
21 year determined based on information available. By June 30  
22 annually, actual tax bills shall be prepared and mailed. These  
23 bills shall set out total taxes due and the amount of estimated  
24 taxes billed in the first installment, and shall state the  
25 balance of taxes due for that year as represented by the sum  
26 derived from subtracting the amount of the first installment  
27 from the total taxes due for that year.

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

1 installment on estimated tax bills shall be computed at 25% of  
2 the total of each tax bill for the preceding year. By the date  
3 specified in the ordinance, actual tax bills shall be prepared  
4 and mailed. These bills shall set out total taxes due and the  
5 amount of estimated taxes billed in the first, second, and  
6 third installments and shall state the balance of taxes due for  
7 that year as represented by the sum derived from subtracting  
8 the amount of the estimated installments from the total taxes  
9 due for that year.

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

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

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

23 Section 20. The School Code is amended by changing Sections  
24 18-8.05 and 18-19 and by adding Section 18-25 as follows:

25 (105 ILCS 5/18-8.05)

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

29 (A) General Provisions.

30 (1) The provisions of this Section apply to the 1998-1999  
31 and subsequent school years. The system of general State

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

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

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

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

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

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

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

17 (d) (Blank).

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

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

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

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

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

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

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

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

14 (B) Foundation Level.

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

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

33 (3) For the 2005-2006 ~~2004-2005~~ school year and each school

1 year thereafter, the Foundation Level of support is \$5,964  
2 ~~\$4,964~~ ~~\$5,060~~ or such greater amount as may be established by  
3 law by the General Assembly.

4 (C) Average Daily Attendance.

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

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

25 (D) Available Local Resources.

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

1 on the basis of pupils in Average Daily Attendance. Calculation  
2 of Available Local Resources shall exclude any tax amnesty  
3 funds received as a result of Public Act 93-26.

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

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

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



1 (E) Computation of General State Aid.

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

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

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

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

32 (5) The amount of general State aid allocated to a school  
33 district for the 1999-2000 school year meeting the requirements  
34 set forth in paragraph (4) of subsection (G) shall be increased

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

8 (F) Compilation of Average Daily Attendance.

9 (1) Each school district shall, by July 1 of each year,  
10 submit to the State Board of Education, on forms prescribed by  
11 the State Board of Education, attendance figures for the school  
12 year that began in the preceding calendar year. The attendance  
13 information so transmitted shall identify the average daily  
14 attendance figures for each month of the school year. Beginning  
15 with the general State aid claim form for the 2002-2003 school  
16 year, districts shall calculate Average Daily Attendance as  
17 provided in subdivisions (a), (b), and (c) of this paragraph  
18 (1).

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

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

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

1 Average Daily Attendance for the district, the average  
2 daily attendance for the year-round buildings shall be  
3 multiplied by the days in session for the non-year-round  
4 buildings for each month and added to the monthly  
5 attendance of the non-year-round buildings.

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

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

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

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

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

34 (c) A session of 4 or more clock hours may be counted

1 as a day of attendance upon certification by the regional  
2 superintendent, and approved by the State Superintendent  
3 of Education to the extent that the district has been  
4 forced to use daily multiple sessions.

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

1 different attendance centers of the district.

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

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

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

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

1 year of kindergarten as determined under the rules and  
2 regulations of the State Board of Education.

3 (G) Equalized Assessed Valuation Data.

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

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

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

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

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

34 For purposes of this subsection (G) (3) the following terms



1 shall have the following meanings:

2 "Budget Year": The school year for which general State  
3 aid is calculated and awarded under subsection (E).

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

6 "Preceding Tax Year": The property tax levy year  
7 immediately preceding the Base Tax Year.

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

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

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

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

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

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

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

32 (5) For school districts having a majority of their  
33 equalized assessed valuation in any county except Cook, DuPage,  
34 Kane, Lake, McHenry, or Will, if the amount of general State

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

10 (H) Supplemental General State Aid.

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

31 (1.5) This paragraph (1.5) applies only to those school  
32 years preceding the 2003-2004 school year. For purposes of this  
33 subsection (H), the term "Low-Income Concentration Level"

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

32 (1.10) This paragraph (1.10) applies to the 2003-2004  
33 school year and each school year thereafter. For purposes of  
34 this subsection (H), the term "Low-Income Concentration Level"

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

12 (2) Supplemental general State aid pursuant to this  
13 subsection (H) shall be provided as follows for the 1998-1999,  
14 1999-2000, and 2000-2001 school years only:

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

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

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

27 (d) For any school district with a Low Income  
28 Concentration Level of 60% or more, the grant for the  
29 1998-99 school year shall be \$1,900 multiplied by the low  
30 income eligible pupil count.

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

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

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

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

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

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

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

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

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

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

1 thereafter:

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

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

11 For the 2003-2004 and 2004-2005 school year only, the grant  
12 shall be no less than the grant for the 2002-2003 school year.  
13 For the 2005-2006 school year only, the grant shall be no less  
14 than the grant for the 2002-2003 school year multiplied by  
15 0.66. For the 2006-2007 school year only, the grant shall be no  
16 less than the grant for the 2002-2003 school year multiplied by  
17 0.33.

18 For the 2003-2004 school year only, the grant shall be no  
19 greater than the grant received during the 2002-2003 school  
20 year added to the product of 0.25 multiplied by the difference  
21 between the grant amount calculated under subsection (a) or (b)  
22 of this paragraph (2.10), whichever is applicable, and the  
23 grant received during the 2002-2003 school year. For the  
24 2004-2005 school year only, the grant shall be no greater than  
25 the grant received during the 2002-2003 school year added to  
26 the product of 0.50 multiplied by the difference between the  
27 grant amount calculated under subsection (a) or (b) of this  
28 paragraph (2.10), whichever is applicable, and the grant  
29 received during the 2002-2003 school year. For the 2005-2006  
30 school year only, the grant shall be no greater than the grant  
31 received during the 2002-2003 school year added to the product  
32 of 0.75 multiplied by the difference between the grant amount  
33 calculated under subsection (a) or (b) of this paragraph  
34 (2.10), whichever is applicable, and the grant received during

1 the 2002-2003 school year.

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

12 (4) School districts with an Average Daily Attendance of  
13 50,000 or more that qualify for supplemental general State aid  
14 pursuant to this subsection shall be required to distribute  
15 from funds available pursuant to this Section, no less than  
16 \$261,000,000 in accordance with the following requirements:

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

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

32 (c) Each attendance center shall be provided by the  
33 school district a distribution of noncategorical funds and  
34 other categorical funds to which an attendance center is



1 entitled under law in order that the general State aid and  
2 supplemental general State aid provided by application of  
3 this subsection supplements rather than supplants the  
4 noncategorical funds and other categorical funds provided  
5 by the school district to the attendance centers.

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

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

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

1 within 15 days of the notification of rejection and then  
2 submit a modified plan within 30 days after the date of the  
3 written notice of intent to modify. Districts may amend  
4 approved plans pursuant to rules promulgated by the State  
5 Board of Education.

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

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

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

1 following year. Failure to provide the expenditure report  
2 or the notification of remedial or corrective action in a  
3 timely manner shall result in a withholding of the affected  
4 funds.

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

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

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

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

1 the first 4 years of existence of the annexing school district  
2 as constituted upon such annexation.

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

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

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

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

19 (J) Supplementary Grants in Aid.

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

1 of the aggregate general State aid entitlement that was  
2 received by the district under Section 18-8 (exclusive of  
3 amounts received under subsections 5(p) and 5(p-5) of that  
4 Section) for the 1997-1998 school year, pursuant to the  
5 provisions of that Section as it was then in effect.

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

17 (3) (Blank).

18 (K) Grants to Laboratory and Alternative Schools.

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

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

1 which operates the laboratory school. A laboratory school may  
2 not have more than 1,000 students, excluding students with  
3 disabilities in a special education program.

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

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

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

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

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

9 (2) (Blank).

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

12 (M) Education Funding Advisory Board.

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

1 foundation level shall be determined based on a methodology  
2 which incorporates the basic education expenditures of  
3 low-spending schools exhibiting high academic performance. The  
4 Education Funding Advisory Board shall make such  
5 recommendations to the General Assembly on January 1 of odd  
6 numbered years, beginning January 1, 2001.

7 (N) (Blank).

8 (O) References.

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

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

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

27 (Source: P.A. 92-16, eff. 6-28-01; 92-28, eff. 7-1-01; 92-29,  
28 eff. 7-1-01; 92-269, eff. 8-7-01; 92-604, eff. 7-1-02; 92-636,  
29 eff. 7-11-02; 92-651, eff. 7-11-02; 93-21, eff. 7-1-03; 93-715,  
30 eff. 7-12-04; 93-808, eff. 7-26-04; 93-838, eff. 7-30-04;  
31 93-875, eff. 8-6-04; revised 10-21-04.)

1 (105 ILCS 5/18-19) (from Ch. 122, par. 18-19)

2 Sec. 18-19. The State Board of Education shall ~~may~~ make  
3 distributions of moneys ~~monies~~ from the Education Assistance  
4 Fund as follows"

5 (1) \$375,000,000 per year to the Higher Education  
6 Operating Assistance Fund.

7 (2) \$80,000,000 per year to the General Obligation Bond  
8 Retirement and Interest Fund.

9 (3) \$75,000,000 per year to the Income Tax Refund Fund.

10 (4) 3% of the amount attributable to the increase in  
11 the amounts collected under subsections (a) and (b) of  
12 Section 201 of the Illinois Income Tax Act under this  
13 amendatory Act of the 94th General Assembly to the Local  
14 Government Distributive Fund.

15 (5) Moneys to the School District Property Tax Relief  
16 Fund, as specified in Section 6z-68 of the State Finance  
17 Act.

18 (6) Moneys sufficient to fund the foundation level  
19 increase under Section 18-8.05 of this Code provided in  
20 this amendatory Act of the 94th General Assembly.

21 (7) Such, ~~pursuant to appropriation, in addition to~~  
22 ~~such~~ sums as may have been otherwise appropriated ~~for the~~  
23 ~~same purpose~~, for any of the purposes set forth in this  
24 Article, subject to the same terms and conditions that  
25 apply to distributions under the several sections of this  
26 Article, respectively.

27 This amendatory Act of the 94th General Assembly  
28 constitutes an irrevocable and continuing appropriation from  
29 the Education Assistance Fund for the purposes set forth in  
30 this Section.

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

32 (105 ILCS 5/18-25 new)

1       Sec. 18-25. Education Assistance Fund Board. The Education  
2 Assistance Fund Board is established. The Board shall consist  
3 of 4 members of the General Assembly. The Senate President, the  
4 Senate Minority Leader, the Speaker of the House of  
5 Representatives, and the House Minority Leader shall each  
6 appoint one member to the Board. The members of the Board shall  
7 designate one of the members to serve as chairperson. All  
8 members shall serve until their respective successors are  
9 appointed or until they cease to be members of the General  
10 Assembly, whichever occurs first. Vacancies shall be filled in  
11 the same manner as the original appointments.

12       For school years after the 2005-2006 school year and every  
13 2 fiscal years thereafter, the Board must make a recommendation  
14 to the General Assembly concerning appropriations from the  
15 Education Assistance Fund. The Board must make its  
16 recommendation to the General Assembly on April 1 of each even  
17 numbered year, beginning on April 1, 2008.

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

20       (110 ILCS 805/2-16.02) (from Ch. 122, par. 102-16.02)

21       Sec. 2-16.02. Grants. Any community college district that  
22 maintains a community college recognized by the State Board  
23 shall receive, when eligible, grants enumerated in this  
24 Section. Funded semester credit hours or other measures or both  
25 as specified by the State Board shall be used to distribute  
26 grants to community colleges. Funded semester credit hours  
27 shall be defined, for purposes of this Section, as the greater  
28 of (1) the number of semester credit hours, or equivalent, in  
29 all funded instructional categories of students who have been  
30 certified as being in attendance at midterm during the  
31 respective terms of the base fiscal year or (2) the average of  
32 semester credit hours, or equivalent, in all funded

1 instructional categories of students who have been certified as  
2 being in attendance at midterm during the respective terms of  
3 the base fiscal year and the 2 prior fiscal years. For purposes  
4 of this Section, "base fiscal year" means the fiscal year 2  
5 years prior to the fiscal year for which the grants are  
6 appropriated. Such students shall have been residents of  
7 Illinois and shall have been enrolled in courses that are part  
8 of instructional program categories approved by the State Board  
9 and that are applicable toward an associate degree or  
10 certificate. Courses that are eligible for reimbursement are  
11 those courses for which the district pays 50% or more of the  
12 program costs from unrestricted revenue sources, with the  
13 exception of courses offered by contract with the Department of  
14 Corrections in correctional institutions. For the purposes of  
15 this Section, "unrestricted revenue sources" means those  
16 revenues in which the provider of the revenue imposes no  
17 financial limitations upon the district as it relates to the  
18 expenditure of the funds.

19 Base operating grants shall be paid based on rates per  
20 funded semester credit hour or equivalent calculated by the  
21 State Board for funded instructional categories using cost of  
22 instruction, enrollment, inflation, and other relevant  
23 factors. A portion of the base operating grant shall be  
24 allocated on the basis of non-residential gross square footage  
25 of space maintained by the district.

26 Supplemental base operating grants shall be paid from the  
27 Higher Education Operating Assistance Fund based on rates per  
28 funded semester credit hour or equivalent calculated by the  
29 State Board for funded instructional categories using cost of  
30 instruction, enrollment, inflation, and other relevant  
31 factors. A portion of the supplemental base operating grant  
32 shall be allocated on the basis of non-residential gross square  
33 footage of space maintained by the district.

34 Equalization grants shall be calculated by the State Board

1 by determining a local revenue factor for each district by: (A)  
2 adding (1) each district's Corporate Personal Property  
3 Replacement Fund allocations from the base fiscal year or the  
4 average of the base fiscal year and prior year, whichever is  
5 less, divided by the applicable statewide average tax rate to  
6 (2) the district's most recently audited year's equalized  
7 assessed valuation or the average of the most recently audited  
8 year and prior year, whichever is less, (B) then dividing by  
9 the district's audited full-time equivalent resident students  
10 for the base fiscal year or the average for the base fiscal  
11 year and the 2 prior fiscal years, whichever is greater, and  
12 (C) then multiplying by the applicable statewide average tax  
13 rate. The State Board shall calculate a statewide weighted  
14 average threshold by applying the same methodology to the  
15 totals of all districts' Corporate Personal Property Tax  
16 Replacement Fund allocations, equalized assessed valuations,  
17 and audited full-time equivalent district resident students  
18 and multiplying by the applicable statewide average tax rate.  
19 The difference between the statewide weighted average  
20 threshold and the local revenue factor, multiplied by the  
21 number of full-time equivalent resident students, shall  
22 determine the amount of equalization funding that each district  
23 is eligible to receive. A percentage factor, as determined by  
24 the State Board, may be applied to the statewide threshold as a  
25 method for allocating equalization funding. A minimum  
26 equalization grant of an amount per district as determined by  
27 the State Board shall be established for any community college  
28 district which qualifies for an equalization grant based upon  
29 the preceding criteria, but becomes ineligible for  
30 equalization funding, or would have received a grant of less  
31 than the minimum equalization grant, due to threshold  
32 prorations applied to reduce equalization funding. As of July  
33 1, 2004, a community college district must maintain a minimum  
34 required combined in-district tuition and universal fee rate

1 per semester credit hour equal to 85% of the State-average  
2 combined rate, as determined by the State Board, for  
3 equalization funding. As of July 1, 2004, a community college  
4 district must maintain a minimum required operating tax rate  
5 equal to at least 95% of its maximum authorized tax rate to  
6 qualify for equalization funding. This 95% minimum tax rate  
7 requirement shall be based upon the maximum operating tax rate  
8 as limited by the Property Tax Extension Limitation Law.

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

11 Each community college district entitled to State grants  
12 under this Section must submit a report of its enrollment to  
13 the State Board not later than 30 days following the end of  
14 each semester, quarter, or term in a format prescribed by the  
15 State Board. These semester credit hours, or equivalent, shall  
16 be certified by each district on forms provided by the State  
17 Board. Each district's certified semester credit hours, or  
18 equivalent, are subject to audit pursuant to Section 3-22.1.

19 The State Board shall certify, prepare, and submit to the  
20 State Comptroller during August, November, February, and May of  
21 each fiscal year vouchers setting forth an amount equal to 25%  
22 of the grants approved by the State Board for base operating  
23 grants and equalization grants. The State Board shall prepare  
24 and submit to the State Comptroller vouchers for payments of  
25 other grants as appropriated by the General Assembly. If the  
26 amount appropriated for grants is different from the amount  
27 provided for such grants under this Act, the grants shall be  
28 proportionately reduced or increased accordingly.

29 For the purposes of this Section, "resident student" means  
30 a student in a community college district who maintains  
31 residency in that district or meets other residency definitions  
32 established by the State Board, and who was enrolled either in  
33 one of the approved instructional program categories in that  
34 district, or in another community college district to which the

1 resident's district is paying tuition under Section 6-2 or with  
2 which the resident's district has entered into a cooperative  
3 agreement in lieu of such tuition.

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

6 The Illinois Community College Board Contracts and Grants  
7 Fund is hereby created in the State Treasury. Items of income  
8 to this fund shall include any grants, awards, endowments, or  
9 like proceeds, and where appropriate, other funds made  
10 available through contracts with governmental, public, and  
11 private agencies or persons. The General Assembly shall from  
12 time to time make appropriations payable from such fund for the  
13 support, improvement, and expenses of the State Board and  
14 Illinois community college districts.

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

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