



Adopted in House Comm. on Mar 29, 2007

09500HB0750ham001

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1 AMENDMENT TO HOUSE BILL 750

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

4 "Section 5. The State Finance Act is amended by changing
5 Section 8h and by adding Sections 5.675, 5.676, 5.677, 5.678,
6 6z-69, and 6z-70 as follows:

7 (30 ILCS 105/5.675 new)

8 Sec. 5.675. The School District Property Tax Relief Fund.

9 (30 ILCS 105/5.676 new)

10 Sec. 5.676. The Higher Education Operating Assistance
11 Fund.

12 (30 ILCS 105/5.677 new)

13 Sec. 5.677. The Early Childhood Fund.

1 (30 ILCS 105/5.678 new)

2 Sec. 5.678. The School Improvement Partnership Pool Fund.

3 (30 ILCS 105/6z-69 new)

4 Sec. 6z-69. School District Property Tax Relief Fund.

5 (a) The School District Property Tax Relief Fund is created
6 as a special Fund in the State treasury. All interest earned on
7 moneys in the Fund shall be deposited into the Fund. The School
8 District Property Relief Fund is not subject to sweeps,
9 administrative charges, or charge-backs, including but not
10 limited to, those authorized under Section 8h of the State
11 Finance Act or any other fiscal or budgetary maneuver that
12 would in any way transfer any funds from the School District
13 Property Tax Relief Fund into any other fund of the State.

14 (b) As used in this Section:

15 "Department" means the Department of Revenue.

16 "Minimum property tax relief grant" means the minimum
17 amount of property tax relief that will be distributed to each
18 school district from the School District Property Tax Relief
19 Fund in each fiscal year.

20 "High property tax effort school district" means each unit
21 or dual school district that has a total property tax rate that
22 is in the top 25% of all total property tax rates of all unit or
23 dual school districts.

24 "Supplemental percentage" means the average daily head
25 count of a particular high property tax effort school district

1 in a fiscal year, divided by the head count total for that
2 fiscal year.

3 "Head count total" means the aggregate average daily
4 attendance of all high property tax effort school districts in
5 the applicable fiscal year.

6 "Supplemental property tax relief grant" means the amount
7 of property tax relief granted to each high property tax effort
8 school district in each fiscal year that is in addition to the
9 minimum property tax relief grant that the district receives.

10 (c) Beginning in fiscal year 2008, the General Assembly
11 shall appropriate \$2,700,000,000 from the education
12 appropriation minimum, as defined in Section 18-25 of the
13 School Code, to the School District Property Tax Relief Fund.
14 In each fiscal year thereafter, the General Assembly shall
15 appropriate an amount from the education appropriation
16 minimum, to the School District Property Tax Relief Fund equal
17 to the amount appropriated to the School District Property Tax
18 Relief Fund in the immediately preceding fiscal year, increased
19 by the Employment Cost Index ("ECI") published by the U.S.
20 Bureau of Labor Statistics for the immediately preceding fiscal
21 year.

22 (d) Between November 15 and 17 beginning in fiscal year
23 2008 and for every year thereafter, the Department must
24 certify, no earlier than November 15 and no later than November
25 17, the total amount of property tax relief each school
26 district will receive from the School District Property Tax

1 Relief Fund. The relief shall be determined as follows:

2 (1) In each fiscal year commencing with fiscal year
3 2008, the General Assembly shall appropriate 80% of the
4 total amount appropriated to the School District Property
5 Tax Relief Fund for that fiscal year to fund the aggregate
6 amount of minimum property tax relief grants that will be
7 distributed to all school districts. The Department then
8 shall calculate the amount of minimum property tax relief
9 grant to be distributed to each school district in each
10 fiscal year as follows:

11 (A) for fiscal year 2008, each school district
12 shall receive a minimum property tax relief grant in an
13 amount equal to 20% of the total property taxes
14 reported as payable for that school district in fiscal
15 year 2005; and

16 (B) for each fiscal year thereafter, the minimum
17 property tax relief grant for each school district must
18 be increased by the percentage increase, if any, in the
19 ECI published for the prior fiscal year.

20 (2) In each fiscal year commencing with fiscal year
21 2008, the General Assembly shall appropriate 20% of the
22 total amount appropriated to the School District Property
23 Tax Relief Fund for that fiscal year to fund the aggregate
24 amount of supplemental property tax relief grants that will
25 be distributed to all high property tax effort school
26 districts. The Department shall calculate the amount of

1 supplemental property tax relief grants payable to a
2 particular high property tax effort school district in each
3 fiscal year commencing in fiscal year 2008 and continuing
4 in each fiscal year thereafter by multiplying the
5 Supplemental Percentage of that high property tax effort
6 school district for that fiscal year by the total amount
7 appropriated to fund all the supplemental property tax
8 relief grants in that fiscal year.

9 All property tax relief grants under this Section, whether
10 minimum or supplemental, shall be distributed to the applicable
11 county collectors in each county in Illinois. The county
12 collectors must then distribute said grants, within one
13 business day of their receipt thereof, to the appropriate
14 school districts as if said grants were property tax receipts
15 owed to said school districts.

16 (e) This amendatory Act of the 95th General Assembly
17 constitutes an irrevocable and continuing appropriation (i)
18 from the Education Appropriation Minimum (as defined in Section
19 18-25 of the School Code) to the School District Property Tax
20 Relief Fund and (ii) from the School District Property Tax
21 Relief Fund to the appropriate county collectors for direct
22 payment without diminution of any type to the appropriate
23 school districts, for property tax relief grants in accordance
24 with the provisions of this Section 6z-69.

1 Sec. 6z-70. Higher Education Operating Assistance Fund.

2 (a) The Higher Education Operating Assistance Fund is
3 created as a special fund in the State treasury. Moneys in the
4 Fund may be used only for the purposes set forth in this
5 Section. All interest earned on moneys in the Fund must be
6 deposited into the Fund. The Higher Education Operating
7 Assistance Fund shall not be subject to sweeps, administrative
8 charges, or charge backs, including but not limited to, those
9 authorized under Section 8h of the State Finance Act or any
10 other fiscal or budgetary maneuver that would in any way
11 transfer any funds from the Higher Education Operating
12 Assistance Fund into any other fund of the state.

13 (b) The General Assembly must appropriate from the General
14 Revenue Fund to the Higher Education Operating Assistance Fund
15 in fiscal year 2009, \$300,000,000, and, in each fiscal year
16 thereafter, the sum of the total amount appropriated to the
17 Higher Education Operating Assistance Fund in the immediate
18 preceding fiscal year plus the amount equal to the Consumer
19 Price Index for all urban consumers as published by the federal
20 Bureau of Labor Statistics for the last complete calendar year
21 multiplied by the total amount appropriated to the Higher
22 Education Operating Assistance Fund in the immediate preceding
23 fiscal year.

24 (c) Distributions from the Higher Education Operating
25 Assistance Fund may be made only if the level of the
26 appropriations from general funds is equal to or greater than

1 the "base appropriation level for higher education purposes",
2 as adjusted for each intervening year by the percentage
3 increase, if any, in the Consumer Price Index for all Urban
4 Consumers ("CPI") published by the federal Bureau of Labor
5 Statistics for the prior fiscal year. For purposes of this
6 amendatory Act of the 95th General Assembly, the "base
7 appropriation level for higher education purposes" is the FY07
8 General Revenue Fund level of total appropriations to higher
9 education, as reported in Item 15 of the Illinois Board of
10 Higher Education Board Report dated August 15, 2006.

11 If the amount appropriated in any year for higher education
12 purposes is less than the "base appropriation level for higher
13 education purposes" from the prior fiscal year, as adjusted by
14 the percentage increase in CPI, then no moneys may be
15 appropriated from the Higher Education Operating Assistance
16 Fund for that fiscal year for any purpose and all moneys shall
17 remain in the Higher Education Operating Assistance Fund until
18 the following fiscal year.

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

23 (d) Distributions from the Higher Education Operating
24 Assistance Fund shall be as follows, subject to the conditions
25 in subsection (c) above:

26 (1) The General Assembly must appropriate 75% of all

1 moneys in the Higher Education Operating Assistance Fund,
2 including any balance from the prior year, to the Board of
3 Higher Education for grants to State universities for their
4 ordinary and contingent expenses; the grants under this
5 item (d)(1) must be distributed to each State university
6 based upon each university's full time equivalent head
7 count; and

8 (2) The General Assembly must appropriate 25% of all
9 moneys in the Higher Education Operating Assistance Fund,
10 including any balance from the prior year, to the Illinois
11 Community College Board for grants to community colleges
12 for their ordinary and contingent expenses; the grants
13 under this item (d)(2) must be distributed to each
14 community college based upon each community college's full
15 time equivalent head count.

16 For purposes of this subsection (d), "full time equivalent
17 head count" means the total number of undergraduate students
18 enrolled in 12 or more semester hours or quarter hours of
19 credit courses in any given semester or quarter.

20 (e) Distributions from the Higher Education Operating
21 Assistance Fund may not be used for any of the following:

22 (1) Executive management: executive level activities
23 concerned with the overall management of, and long-range
24 planning for, the entire university. This includes
25 activities such as policy formation and executive
26 direction, including the activities of the governing

1 board, the chief executive officer, the senior executive
2 officer, and legal activities conducted on behalf of the
3 university.

4 (2) Financial management and operations: activities
5 related to the day-today financial management and fiscal
6 operations of the university and long-range financial
7 planning and policy formulations.

8 (3) General administrative and logistical services:
9 general administrative operations and services of the
10 university (with exception of financial operations and
11 student records activities). This includes administration
12 of personnel programs, purchasing and maintenance of
13 supplies and materials, management of facilities, and
14 administrative computing support.

15 (4) Faculty and staff auxiliary services: non-academic
16 related support services established primarily for faculty
17 and staff, such as faculty lounges and cafeterias.

18 (5) Public relations and development: activities
19 established to maintain relations with the local
20 community, the university's alumni, governmental entities,
21 and the public in general, as well as activities carried
22 out to support institution-side fund raising and
23 development efforts.

24 (6) Superintendence: activities necessary to carry out
25 the duties of management and administration for all areas
26 under the jurisdiction of the physical plant division of

1 the university.

2 (7) Custodial: activities related to custodial
3 services in building interiors.

4 (8) Grounds maintenance: operation and maintenance of
5 campus landscape and grounds. This includes maintenance of
6 roads and walkways; snow removal; maintenance of fences,
7 retaining walls, and drainage ditches; and care of shrubs,
8 trees, and grass.

9 (9) Transportation: all charges related to the
10 purchase, maintenance, and operation of motor vehicles
11 specifically for the use of the physical plant department.

12 (f) This amendatory Act of the 95th General Assembly
13 constitutes an irrevocable and continuing appropriation (i)
14 from the General Fund to the Higher Education Operating
15 Assistance Fund and (ii) from the Higher Education Operating
16 Assistance Fund to the Board of Higher Education and to the
17 Illinois Community College Board in accordance with the
18 provisions of this Section.

19 (30 ILCS 105/8h)

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

21 (a) Except as otherwise provided in this Section and
22 Section 8n of this Act, and ~~(c), (d), or (e)~~, notwithstanding
23 any other State law to the contrary, the Governor may, through
24 June 30, 2007, from time to time direct the State Treasurer and
25 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 Intercity
20 Passenger Rail Fund, the Hospital Provider Fund, the Medicaid
21 Provider Relief Fund, the Teacher Health Insurance Security
22 Fund, the Reviewing Court Alternative Dispute Resolution Fund,
23 the Voters' Guide Fund, the Foreign Language Interpreter Fund,
24 the Lawyers' Assistance Program Fund, the Supreme Court Federal
25 Projects Fund, the Supreme Court Special State Projects Fund,
26 the Supplemental Low-Income Energy Assistance Fund, the Good

1 Samaritan Energy Trust Fund, the Low-Level Radioactive Waste
2 Facility Development and Operation Fund, the Horse Racing
3 Equity Trust Fund, or the Hospital Basic Services Preservation
4 Fund, or to any funds to which subsection (f) of Section 20-40
5 of the Nursing and Advanced Practice Nursing Act applies. No
6 transfers may be made under this Section from the Pet
7 Population Control Fund. Notwithstanding any other provision
8 of this Section, for fiscal year 2004, the total transfer under
9 this Section from the Road Fund or the State Construction
10 Account Fund shall not exceed the lesser of (i) 5% of the
11 revenues to be deposited into the fund during that fiscal year
12 or (ii) 25% of the beginning balance in the fund. For fiscal
13 year 2005 through fiscal year 2007, no amounts may be
14 transferred under this Section from the Road Fund, the State
15 Construction Account Fund, the Criminal Justice Information
16 Systems Trust Fund, the Wireless Service Emergency Fund, or the
17 Mandatory Arbitration Fund.

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

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

26 (a-5) Transfers directed to be made under this Section on

1 or before February 28, 2006 that are still pending on May 19,
2 2006 (the effective date of Public Act 94-774) ~~this amendatory~~
3 ~~Act of the 94th General Assembly~~ shall be redirected as
4 provided in Section 8n of this Act.

5 (b) This Section does not apply to: (i) the Ticket For The
6 Cure Fund; (ii) any fund established under the Community Senior
7 Services and Resources Act; or (iii) on or after January 1,
8 2006 (the effective date of Public Act 94-511), the Child Labor
9 and Day and Temporary Labor Enforcement Fund.

10 (c) This Section does not apply to the Demutualization
11 Trust Fund established under the Uniform Disposition of
12 Unclaimed Property Act.

13 (d) This Section does not apply to moneys set aside in the
14 Illinois State Podiatric Disciplinary Fund for podiatric
15 scholarships and residency programs under the Podiatric
16 Scholarship and Residency Act.

17 (e) Subsection (a) does not apply to, and no transfer may
18 be made under this Section from, the Pension Stabilization
19 Fund.

20 (f) This Section does not apply to the School District
21 Property Tax Relief Fund, the Higher Education Operating
22 Assistance Fund, the Early Childhood Fund, or the School
23 Improvement Partnership Planning Fund.

24 (Source: P.A. 93-32, eff. 6-20-03; 93-659, eff. 2-3-04; 93-674,
25 eff. 6-10-04; 93-714, eff. 7-12-04; 93-801, eff. 7-22-04;
26 93-839, eff. 7-30-04; 93-1054, eff. 11-18-04; 93-1067, eff.

1 1-15-05; 94-91, eff. 7-1-05; 94-120, eff. 7-6-05; 94-511, eff.
2 1-1-06; 94-535, eff. 8-10-05; 94-639, eff. 8-22-05; 94-645,
3 eff. 8-22-05; 94-648, eff. 1-1-06; 94-686, eff. 11-2-05;
4 94-691, eff. 11-2-05; 94-726, eff. 1-20-06; 94-773, eff.
5 5-18-06; 94-774, eff. 5-19-06; 94-804, eff. 5-26-06; 94-839,
6 eff. 6-6-06; revised 6-19-06.)

7 Section 10. The Illinois Income Tax Act is amended by
8 changing Section 201 and by adding Sections 202.5 and 218 as
9 follows:

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

11 Sec. 201. Tax Imposed.

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

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

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

1 year.

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

9 (3) In the case of an individual, trust or estate, for
10 taxable years beginning after June 30, 1989 and ending on
11 or before December 31, 2007, an amount equal to 3% of the
12 taxpayer's net income for the taxable year.

13 (4) In the case of an individual, trust, or estate, for
14 taxable years beginning prior to January 1, 2008 and ending
15 after December 31, 2007, an amount equal to the sum of (i)
16 3% of the taxpayer's net income for the period until and
17 including December 31, 2007, as calculated under Section
18 202.5, and (ii) 5% of the taxpayer's net income for the
19 period commencing on January 1, 2008, as calculated under
20 Section 202.5 (Blank).

21 (5) In the case of an individual, trust, or estate, for
22 taxable years beginning after December 31, 2007, an amount
23 equal to 5% of the taxpayer's net income for the applicable
24 taxable year (Blank).

25 (6) In the case of a corporation, for taxable years
26 ending prior to July 1, 1989, an amount equal to 4% of the

1 taxpayer's net income for the taxable year.

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

9 (8) In the case of a corporation, for taxable years
10 beginning after June 30, 1989 and ending on or before
11 December 31, 2007, an amount equal to 4.8% of the
12 taxpayer's net income for the taxable year.

13 (9) In the case of a corporation for taxable years
14 beginning prior to January 1, 2008 and ending after
15 December 31, 2007, an amount equal to the sum of (i) 4.8%
16 of the taxpayer's net income for the period prior to
17 January 1, 2008, as calculated under Section 202.5, and
18 (ii) 8% of the taxpayer's net income for the period after
19 December 31, 2007, as calculated under Section 202.5.

20 (10) In the case of a corporation for taxable years
21 beginning after December 31, 2007, 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

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

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

22 (d-1) Rate reduction for certain foreign insurers. In the
23 case of a foreign insurer, as defined by Section 35A-5 of the
24 Illinois Insurance Code, whose state or country of domicile
25 imposes on insurers domiciled in Illinois a retaliatory tax
26 (excluding any insurer whose premiums from reinsurance assumed

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

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

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

26 (B) the privilege tax imposed by Section 409 of the

1 Illinois Insurance Code, the fire insurance company
2 tax imposed by Section 12 of the Fire Investigation
3 Act, and the fire department taxes imposed under
4 Section 11-10-1 of the Illinois Municipal Code,
5 equals 1.25% for taxable years ending prior to December 31,
6 2003, or 1.75% for taxable years ending on or after
7 December 31, 2003, of the net taxable premiums written for
8 the taxable year, as described by subsection (1) of Section
9 409 of the Illinois Insurance Code. This paragraph will in
10 no event increase the rates imposed under subsections (b)
11 and (d).

12 (2) Any reduction in the rates of tax imposed by this
13 subsection shall be applied first against the rates imposed
14 by subsection (b) and only after the tax imposed by
15 subsection (a) net of all credits allowed under this
16 Section other than the credit allowed under subsection (i)
17 has been reduced to zero, against the rates imposed by
18 subsection (d).

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

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

24 (1) A taxpayer shall be allowed a credit equal to .5%
25 of the basis of qualified property placed in service during
26 the taxable year, provided such property is placed in

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

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

1 liability. If there is credit from more than one tax year
2 that is available to offset a liability, earlier credit
3 shall be applied first.

4 (2) The term "qualified property" means property
5 which:

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

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

18 (C) is acquired by purchase as defined in Section
19 179(d) of the Internal Revenue Code;

20 (D) is used in Illinois by a taxpayer who is
21 primarily engaged in manufacturing, or in mining coal
22 or fluorite, or in retailing, or was placed in service
23 on or after July 1, 2006 in a River Edge Redevelopment
24 Zone established pursuant to the River Edge
25 Redevelopment Zone Act; and

26 (E) has not previously been used in Illinois in

1 such a manner and by such a person as would qualify for
2 the credit provided by this subsection (e) or
3 subsection (f).

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

16 (4) The basis of qualified property shall be the basis
17 used to compute the depreciation deduction for federal
18 income tax purposes.

19 (5) If the basis of the property for federal income tax
20 depreciation purposes is increased after it has been placed
21 in service in Illinois by the taxpayer, the amount of such
22 increase shall be deemed property placed in service on the
23 date of such increase in basis.

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

26 (7) If during any taxable year, any property ceases to

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

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

21 (9) Each taxable year ending before December 31, 2000,
22 a partnership may elect to pass through to its partners the
23 credits to which the partnership is entitled under this
24 subsection (e) for the taxable year. A partner may use the
25 credit allocated to him or her under this paragraph only
26 against the tax imposed in subsections (c) and (d) of this

1 Section. If the partnership makes that election, those
2 credits shall be allocated among the partners in the
3 partnership in accordance with the rules set forth in
4 Section 704(b) of the Internal Revenue Code, and the rules
5 promulgated under that Section, and the allocated amount of
6 the credits shall be allowed to the partners for that
7 taxable year. The partnership shall make this election on
8 its Personal Property Tax Replacement Income Tax return for
9 that taxable year. The election to pass through the credits
10 shall be irrevocable.

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

25 (f) Investment credit; Enterprise Zone; River Edge
26 Redevelopment Zone.

1 (1) A taxpayer shall be allowed a credit against the
2 tax imposed by subsections (a) and (b) of this Section for
3 investment in qualified property which is placed in service
4 in an Enterprise Zone created pursuant to the Illinois
5 Enterprise Zone Act or, for property placed in service on
6 or after July 1, 2006, a River Edge Redevelopment Zone
7 established pursuant to the River Edge Redevelopment Zone
8 Act. For partners, shareholders of Subchapter S
9 corporations, and owners of limited liability companies,
10 if the liability company is treated as a partnership for
11 purposes of federal and State income taxation, there shall
12 be allowed a credit under this subsection (f) to be
13 determined in accordance with the determination of income
14 and distributive share of income under Sections 702 and 704
15 and Subchapter S of the Internal Revenue Code. The credit
16 shall be .5% of the basis for such property. The credit
17 shall be available only in the taxable year in which the
18 property is placed in service in the Enterprise Zone or
19 River Edge Redevelopment Zone and shall not be allowed to
20 the extent that it would reduce a taxpayer's liability for
21 the tax imposed by subsections (a) and (b) of this Section
22 to below zero. For tax years ending on or after December
23 31, 1985, the credit shall be allowed for the tax year in
24 which the property is placed in service, or, if the amount
25 of the credit exceeds the tax liability for that year,
26 whether it exceeds the original liability or the liability

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

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

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

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

16 (C) is acquired by purchase as defined in Section
17 179(d) of the Internal Revenue Code;

18 (D) is used in the Enterprise Zone or River Edge
19 Redevelopment Zone by the taxpayer; and

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

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

1 (4) If the basis of the property for federal income tax
2 depreciation purposes is increased after it has been placed
3 in service in the Enterprise Zone or River Edge
4 Redevelopment Zone by the taxpayer, the amount of such
5 increase shall be deemed property placed in service on the
6 date of such increase in basis.

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

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

26 (7) There shall be allowed an additional credit equal

1 to 0.5% of the basis of qualified property placed in
2 service during the taxable year in a River Edge
3 Redevelopment Zone, provided such property is placed in
4 service on or after July 1, 2006, and the taxpayer's base
5 employment within Illinois has increased by 1% or more over
6 the preceding year as determined by the taxpayer's
7 employment records filed with the Illinois Department of
8 Employment Security. Taxpayers who are new to Illinois
9 shall be deemed to have met the 1% growth in base
10 employment for the first year in which they file employment
11 records with the Illinois Department of Employment
12 Security. If, in any year, the increase in base employment
13 within Illinois over the preceding year is less than 1%,
14 the additional credit shall be limited to that percentage
15 times a fraction, the numerator of which is 0.5% and the
16 denominator of which is 1%, but shall not exceed 0.5%.

17 (g) Jobs Tax Credit; Enterprise Zone, River Edge
18 Redevelopment Zone, and Foreign Trade Zone or Sub-Zone.

19 (1) A taxpayer conducting a trade or business in an
20 enterprise zone or a High Impact Business designated by the
21 Department of Commerce and Economic Opportunity or for
22 taxable years ending on or after December 31, 2006, in a
23 River Edge Redevelopment Zone conducting a trade or
24 business in a federally designated Foreign Trade Zone or
25 Sub-Zone shall be allowed a credit against the tax imposed
26 by subsections (a) and (b) of this Section in the amount of

1 \$500 per eligible employee hired to work in the zone during
2 the taxable year.

3 (2) To qualify for the credit:

4 (A) the taxpayer must hire 5 or more eligible
5 employees to work in an enterprise zone, River Edge
6 Redevelopment Zone, or federally designated Foreign
7 Trade Zone or Sub-Zone during the taxable year;

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

17 (C) the eligible employees must be employed 180
18 consecutive days in order to be deemed hired for
19 purposes of this subsection.

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

21 (A) Certified by the Department of Commerce and
22 Economic Opportunity as "eligible for services"
23 pursuant to regulations promulgated in accordance with
24 Title II of the Job Training Partnership Act, Training
25 Services for the Disadvantaged or Title III of the Job
26 Training Partnership Act, Employment and Training

1 Assistance for Dislocated Workers Program.

2 (B) Hired after the enterprise zone, River Edge
3 Redevelopment Zone, or federally designated Foreign
4 Trade Zone or Sub-Zone was designated or the trade or
5 business was located in that zone, whichever is later.

6 (C) Employed in the enterprise zone, River Edge
7 Redevelopment Zone, or Foreign Trade Zone or Sub-Zone.
8 An employee is employed in an enterprise zone or
9 federally designated Foreign Trade Zone or Sub-Zone if
10 his services are rendered there or it is the base of
11 operations for the services performed.

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

14 (4) For tax years ending on or after December 31, 1985
15 and prior to December 31, 1988, the credit shall be allowed
16 for the tax year in which the eligible employees are hired.
17 For tax years ending on or after December 31, 1988, the
18 credit shall be allowed for the tax year immediately
19 following the tax year in which the eligible employees are
20 hired. If the amount of the credit exceeds the tax
21 liability for that year, whether it exceeds the original
22 liability or the liability as later amended, such excess
23 may be carried forward and applied to the tax liability of
24 the 5 taxable years following the excess credit year. The
25 credit shall be applied to the earliest year for which
26 there is a liability. If there is credit from more than one

1 tax year that is available to offset a liability, earlier
2 credit shall be applied first.

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

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

8 (h) Investment credit; High Impact Business.

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

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

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

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

26 (A) is tangible, whether new or used, including

1 buildings and structural components of buildings;

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

7 (C) is acquired by purchase as defined in Section
8 179(d) of the Internal Revenue Code; and

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

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

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

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

23 (6) If during any taxable year ending on or before
24 December 31, 1996, any property ceases to be qualified
25 property in the hands of the taxpayer within 48 months
26 after being placed in service, or the situs of any

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

15 (7) Beginning with tax years ending after December 31,
16 1996, if a taxpayer qualifies for the credit under this
17 subsection (h) and thereby is granted a tax abatement and
18 the taxpayer relocates its entire facility in violation of
19 the explicit terms and length of the contract under Section
20 18-183 of the Property Tax Code, the tax imposed under
21 subsections (a) and (b) of this Section shall be increased
22 for the taxable year in which the taxpayer relocated its
23 facility by an amount equal to the amount of credit
24 received by the taxpayer under this subsection (h).

25 (i) Credit for Personal Property Tax Replacement Income
26 Tax. For tax years ending prior to December 31, 2003, a credit

1 shall be allowed against the tax imposed by subsections (a) and
2 (b) of this Section for the tax imposed by subsections (c) and
3 (d) of this Section. This credit shall be computed by
4 multiplying the tax imposed by subsections (c) and (d) of this
5 Section by a fraction, the numerator of which is base income
6 allocable to Illinois and the denominator of which is Illinois
7 base income, and further multiplying the product by the tax
8 rate imposed by subsections (a) and (b) of this Section.

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

23 If, during any taxable year ending on or after December 31,
24 1986, the tax imposed by subsections (c) and (d) of this
25 Section for which a taxpayer has claimed a credit under this
26 subsection (i) is reduced, the amount of credit for such tax

1 shall also be reduced. Such reduction shall be determined by
2 recomputing the credit to take into account the reduced tax
3 imposed by subsections (c) and (d). If any portion of the
4 reduced amount of credit has been carried to a different
5 taxable year, an amended return shall be filed for such taxable
6 year to reduce the amount of credit claimed.

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

26 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.

1 For purposes of this subsection, "qualifying expenditures"
2 means the qualifying expenditures as defined for the federal
3 credit for increasing research activities which would be
4 allowable under Section 41 of the Internal Revenue Code and
5 which are conducted in this State, "qualifying expenditures for
6 increasing research activities in this State" means the excess
7 of qualifying expenditures for the taxable year in which
8 incurred over qualifying expenditures for the base period,
9 "qualifying expenditures for the base period" means the average
10 of the qualifying expenditures for each year in the base
11 period, and "base period" means the 3 taxable years immediately
12 preceding the taxable year for which the determination is being
13 made.

14 Any credit in excess of the tax liability for the taxable
15 year may be carried forward. A taxpayer may elect to have the
16 unused credit shown on its final completed return carried over
17 as a credit against the tax liability for the following 5
18 taxable years or until it has been fully used, whichever occurs
19 first; provided that no credit earned in a tax year ending
20 prior to December 31, 2003 may be carried forward to any year
21 ending on or after December 31, 2003.

22 If an unused credit is carried forward to a given year from
23 2 or more earlier years, that credit arising in the earliest
24 year will be applied first against the tax liability for the
25 given year. If a tax liability for the given year still
26 remains, the credit from the next earliest year will then be

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

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

11 (1) Environmental Remediation Tax Credit.

12 (i) For tax years ending after December 31, 1997 and on
13 or before December 31, 2001, a taxpayer shall be allowed a
14 credit against the tax imposed by subsections (a) and (b)
15 of this Section for certain amounts paid for unreimbursed
16 eligible remediation costs, as specified in this
17 subsection. For purposes of this Section, "unreimbursed
18 eligible remediation costs" means costs approved by the
19 Illinois Environmental Protection Agency ("Agency") under
20 Section 58.14 of the Environmental Protection Act that were
21 paid in performing environmental remediation at a site for
22 which a No Further Remediation Letter was issued by the
23 Agency and recorded under Section 58.10 of the
24 Environmental Protection Act. The credit must be claimed
25 for the taxable year in which Agency approval of the
26 eligible remediation costs is granted. The credit is not

1 available to any taxpayer if the taxpayer or any related
2 party caused or contributed to, in any material respect, a
3 release of regulated substances on, in, or under the site
4 that was identified and addressed by the remedial action
5 pursuant to the Site Remediation Program of the
6 Environmental Protection Act. After the Pollution Control
7 Board rules are adopted pursuant to the Illinois
8 Administrative Procedure Act for the administration and
9 enforcement of Section 58.9 of the Environmental
10 Protection Act, determinations as to credit availability
11 for purposes of this Section shall be made consistent with
12 those rules. For purposes of this Section, "taxpayer"
13 includes a person whose tax attributes the taxpayer has
14 succeeded to under Section 381 of the Internal Revenue Code
15 and "related party" includes the persons disallowed a
16 deduction for losses by paragraphs (b), (c), and (f)(1) of
17 Section 267 of the Internal Revenue Code by virtue of being
18 a related taxpayer, as well as any of its partners. The
19 credit allowed against the tax imposed by subsections (a)
20 and (b) shall be equal to 25% of the unreimbursed eligible
21 remediation costs in excess of \$100,000 per site, except
22 that the \$100,000 threshold shall not apply to any site
23 contained in an enterprise zone as determined by the
24 Department of Commerce and Community Affairs (now
25 Department of Commerce and Economic Opportunity). The
26 total credit allowed shall not exceed \$40,000 per year with

1 a maximum total of \$150,000 per site. For partners and
2 shareholders of subchapter S corporations, there shall be
3 allowed a credit under this subsection to be determined in
4 accordance with the determination of income and
5 distributive share of income under Sections 702 and 704 and
6 subchapter S of the Internal Revenue Code.

7 (ii) A credit allowed under this subsection that is
8 unused in the year the credit is earned may be carried
9 forward to each of the 5 taxable years following the year
10 for which the credit is first earned until it is used. The
11 term "unused credit" does not include any amounts of
12 unreimbursed eligible remediation costs in excess of the
13 maximum credit per site authorized under paragraph (i).
14 This credit shall be applied first to the earliest year for
15 which there is a liability. If there is a credit under this
16 subsection from more than one tax year that is available to
17 offset a liability, the earliest credit arising under this
18 subsection shall be applied first. A credit allowed under
19 this subsection may be sold to a buyer as part of a sale of
20 all or part of the remediation site for which the credit
21 was granted. The purchaser of a remediation site and the
22 tax credit shall succeed to the unused credit and remaining
23 carry-forward period of the seller. To perfect the
24 transfer, the assignor shall record the transfer in the
25 chain of title for the site and provide written notice to
26 the Director of the Illinois Department of Revenue of the

1 assignor's intent to sell the remediation site and the
2 amount of the tax credit to be transferred as a portion of
3 the sale. In no event may a credit be transferred to any
4 taxpayer if the taxpayer or a related party would not be
5 eligible under the provisions of subsection (i).

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

9 (m) Education expense credit. Beginning with tax years
10 ending after December 31, 1999, a taxpayer who is the custodian
11 of one or more qualifying pupils shall be allowed a credit
12 against the tax imposed by subsections (a) and (b) of this
13 Section for qualified education expenses incurred on behalf of
14 the qualifying pupils. The credit shall be equal to 25% of
15 qualified education expenses, but in no event may the total
16 credit under this subsection claimed by a family that is the
17 custodian of qualifying pupils exceed \$500. In no event shall a
18 credit under this subsection reduce the taxpayer's liability
19 under this Act to less than zero for any taxable year ending on
20 or before December 31, 2006. For each taxable year ending after
21 December 31, 2006, if the amount of the credit under this
22 subsection exceeds the income tax liability for the applicable
23 taxable year, then the excess credit must be refunded to the
24 taxpayer. This subsection is exempt from the provisions of
25 Section 250 of this Act.

26 For purposes of this subsection:

1 "Qualifying pupils" means individuals who (i) are
2 residents of the State of Illinois, (ii) are under the age of
3 21 at the close of the school year for which a credit is
4 sought, and (iii) during the school year for which a credit is
5 sought were full-time pupils enrolled in a kindergarten through
6 twelfth grade education program at any school, as defined in
7 this subsection.

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

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

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

22 (n) River Edge Redevelopment Zone site remediation tax
23 credit.

24 (i) For tax years ending on or after December 31, 2006,
25 a taxpayer shall be allowed a credit against the tax
26 imposed by subsections (a) and (b) of this Section for

1 certain amounts paid for unreimbursed eligible remediation
2 costs, as specified in this subsection. For purposes of
3 this Section, "unreimbursed eligible remediation costs"
4 means costs approved by the Illinois Environmental
5 Protection Agency ("Agency") under Section 58.14 of the
6 Environmental Protection Act that were paid in performing
7 environmental remediation at a site within a River Edge
8 Redevelopment Zone for which a No Further Remediation
9 Letter was issued by the Agency and recorded under Section
10 58.10 of the Environmental Protection Act. The credit must
11 be claimed for the taxable year in which Agency approval of
12 the eligible remediation costs is granted. The credit is
13 not available to any taxpayer if the taxpayer or any
14 related party caused or contributed to, in any material
15 respect, a release of regulated substances on, in, or under
16 the site that was identified and addressed by the remedial
17 action pursuant to the Site Remediation Program of the
18 Environmental Protection Act. Determinations as to credit
19 availability for purposes of this Section shall be made
20 consistent with rules adopted by the Pollution Control
21 Board pursuant to the Illinois Administrative Procedure
22 Act for the administration and enforcement of Section 58.9
23 of the Environmental Protection Act. For purposes of this
24 Section, "taxpayer" includes a person whose tax attributes
25 the taxpayer has succeeded to under Section 381 of the
26 Internal Revenue Code and "related party" includes the

1 persons disallowed a deduction for losses by paragraphs
2 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
3 Code by virtue of being a related taxpayer, as well as any
4 of its partners. The credit allowed against the tax imposed
5 by subsections (a) and (b) shall be equal to 25% of the
6 unreimbursed eligible remediation costs in excess of
7 \$100,000 per site.

8 (ii) A credit allowed under this subsection that is
9 unused in the year the credit is earned may be carried
10 forward to each of the 5 taxable years following the year
11 for which the credit is first earned until it is used. This
12 credit shall be applied first to the earliest year for
13 which there is a liability. If there is a credit under this
14 subsection from more than one tax year that is available to
15 offset a liability, the earliest credit arising under this
16 subsection shall be applied first. A credit allowed under
17 this subsection may be sold to a buyer as part of a sale of
18 all or part of the remediation site for which the credit
19 was granted. The purchaser of a remediation site and the
20 tax credit shall succeed to the unused credit and remaining
21 carry-forward period of the seller. To perfect the
22 transfer, the assignor shall record the transfer in the
23 chain of title for the site and provide written notice to
24 the Director of the Illinois Department of Revenue of the
25 assignor's intent to sell the remediation site and the
26 amount of the tax credit to be transferred as a portion of

1 the sale. In no event may a credit be transferred to any
2 taxpayer if the taxpayer or a related party would not be
3 eligible under the provisions of subsection (i).

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

7 (iv) This subsection is exempt from the provisions of
8 Section 250.

9 (Source: P.A. 93-29, eff. 6-20-03; 93-840, eff. 7-30-04;
10 93-871, eff. 8-6-04; 94-1021, eff. 7-12-06.)

11 (35 ILCS 5/202.5 new)

12 Sec. 202.5. Net income attributable to the period prior to
13 January 1, 2008 and net income attributable to the period after
14 December 31, 2007.

15 (a) In general. With respect to the taxable year of a
16 taxpayer beginning prior to January 1, 2008 and ending after
17 December 31, 2007, the taxpayer's net income for the period
18 after December 31, 2007, is that amount that bears the same
19 ratio to the taxpayer's net income for the entire taxable year
20 as the number of days in that year after December 31, 2007
21 bears to the total number of days in that year, and the
22 taxpayer's net income for the period prior to January 1, 2008
23 is that amount that bears the same ratio to the taxpayer's net
24 income for the entire taxable year as the number of days in
25 that year prior to January 1, 2008 bears to the total number of

1 days in that year.

2 (b) Election to attribute income and deduction items
3 specifically to the respective portions of a taxable year prior
4 to January 1, 2008 and after December 31, 2007. In the case of
5 a taxpayer with a taxable year beginning prior to January 1,
6 2008 and ending after December 31, 2007, the taxpayer may
7 elect, instead of the procedure established in subsection (a)
8 of this Section, to determine net income on a specific
9 accounting basis for the 2 portions of his or her taxable year:

10 (1) from the beginning of the taxable year through
11 December 31, 2007; and

12 (2) from January 1, 2008, through the end of the
13 taxable year.

14 If the taxpayer elects specific accounting under this
15 subsection, there shall be taken into account in computing base
16 income for each of the 2 portions of the taxable year only
17 those items earned, received, paid, incurred, or accrued in
18 each such period. The standard exemption provided under Section
19 204 must be divided between the respective periods in amounts
20 that bear the same ratio to the total exemption allowable under
21 Section 204 (determined without regard to this Section) as the
22 total number of days in each such period bears to the total
23 number of days in the taxable year. The election provided under
24 this subsection must be made in the form, time, and manner that
25 the Department requires by rule, but must be made no later than
26 the due date (including any extensions thereof) for the filing

1 of the return for the taxable year. An election under this
2 subsection (b) is irrevocable.

3 (35 ILCS 5/218 new)

4 Sec. 218. Family Tax Credit.

5 (a) For taxable years beginning on or after January 1,
6 2007, each taxpayer who is a natural person filing single or is
7 a married person filing separately who reports total annual
8 income of \$26,847 or less (the "eligibility cap for single and
9 married filing separately") or who is a married couple filing
10 jointly or a natural person filing as head of household that
11 reports total annual income of \$53,694 or less (the
12 "eligibility cap for married filing jointly and head of
13 household"), is entitled to a refundable tax credit known as
14 the "Family Tax Credit" against the tax imposed under
15 subsections (a) and (b) of Section 201 in the amount set forth
16 under subsection (b) of this Section. The Family Tax Credit may
17 be claimed only upon proper filing of an Illinois State income
18 tax return by an eligible taxpayer. The eligibility caps shall
19 increase for each tax year beginning after December 31, 2007,
20 by an amount equal to the percentage increase, if any, in the
21 Consumer Price Index ("CPI") published by the U.S. Bureau of
22 Labor Statistics for the immediately preceding tax year,
23 multiplied by the eligibility caps for that immediately
24 preceding tax year.

25 (b) The amount of the credit is determined as follows:

1 (1) for a single taxpayer with a total annual income
2 of:

3 (A) less than \$17,136, the credit is \$75 per
4 dependent;

5 (B) \$17,136 or more but less than \$19,419, the
6 credit is \$100 per dependent;

7 (C) \$19,420 or more but less than \$19,420, the
8 credit is \$200 per dependent;

9 (D) \$19,420 or more but less than \$21,705, the
10 credit is \$300 per dependent; or

11 (E) \$21,705 or more but less than \$26,847, the
12 credit is \$400 per dependent;

13 (2) for married taxpayers filing separately with a
14 total annual income of:

15 (A) less than \$11,424, the credit is \$75 per
16 dependent;

17 (B) \$11,424 or more but less than \$14,280, the
18 credit is \$100 per dependent;

19 (C) \$14,280 or more but less than \$17,136, the
20 credit is \$200 per dependent;

21 (D) \$17,136 or more but less than \$20,563, the
22 credit is \$300 per dependent; or

23 (E) \$20,563 or more but less than \$26,847, the
24 credit is \$400 per dependent;

25 (3) for married taxpayers filing jointly with a total
26 annual income of:

1 (A) less than \$22,848, the credit is \$75 per
2 dependent;

3 (B) \$22,848 or more but less than \$28,560, the
4 credit is \$100 per dependent;

5 (C) \$28,560 or more but less than \$34,272, the
6 credit is \$200 per dependent;

7 (D) \$34,272 or more but less than \$41,126, the
8 credit is \$300 per dependent; or

9 (E) \$41,126 or more but less than \$53,694, the
10 credit is \$400 per dependent; and

11 (4) for a taxpayer who is a head of household with a
12 total annual income of:

13 (A) less than \$22,848, the credit is \$75 per
14 dependent;

15 (B) \$22,848 or more but less than \$28,560, the
16 credit is \$100 per dependent;

17 (C) \$28,560 or more but less than \$34,272, the
18 credit is \$200 per dependent;

19 (D) \$34,272 or more but less than \$41,126, the
20 credit is \$300 per dependent; or

21 (E) \$41,126 or more but less than \$53,694, the
22 credit is \$400 per dependent.

23 The dollar ranges of total annual income identified in each
24 filing status and the credit per dependent amount associated
25 therewith, increase in each tax year beginning after December
26 31, 2007 by an amount equal to the applicable percentage

1 increase, if any, in the CPI for the immediately preceding tax
2 year multiplied by the applicable total annual income range
3 amounts and the credit per dependent amounts associated
4 therewith. The Department of Revenue shall update the total
5 annual income range amounts and associated credit amounts for
6 the Family Tax Credit annually and distribute the updated table
7 with the Illinois personal income tax returns.

8 (c) If the amount of the Family Tax Credit exceeds the
9 income tax liability of an eligible taxpayer, the State shall
10 refund to the taxpayer the difference between the Family Tax
11 Credit and such eligible taxpayer's income tax liability.

12 (d) This Section is exempt from the provisions of Section
13 250 of this Act.

14 Section 30. The Retailers' Occupation Tax Act is amended by
15 changing Section 1 as follows:

16 (35 ILCS 120/1) (from Ch. 120, par. 440)

17 Sec. 1. Definitions. "Sale at retail" means any transfer of
18 the ownership of or title to tangible personal property to a
19 purchaser, for the purpose of use or consumption, and not for
20 the purpose of resale in any form as tangible personal property
21 to the extent not first subjected to a use for which it was
22 purchased, for a valuable consideration: Provided that the
23 property purchased is deemed to be purchased for the purpose of
24 resale, despite first being used, to the extent to which it is

1 resold as an ingredient of an intentionally produced product or
2 byproduct of manufacturing. For this purpose, slag produced as
3 an incident to manufacturing pig iron or steel and sold is
4 considered to be an intentionally produced byproduct of
5 manufacturing. Transactions whereby the possession of the
6 property is transferred but the seller retains the title as
7 security for payment of the selling price shall be deemed to be
8 sales.

9 "Sale at retail" shall be construed to include any transfer
10 of the ownership of or title to tangible personal property to a
11 purchaser, for use or consumption by any other person to whom
12 such purchaser may transfer the tangible personal property
13 without a valuable consideration, and to include any transfer,
14 whether made for or without a valuable consideration, for
15 resale in any form as tangible personal property unless made in
16 compliance with Section 2c of this Act.

17 Sales of tangible personal property, which property, to the
18 extent not first subjected to a use for which it was purchased,
19 as an ingredient or constituent, goes into and forms a part of
20 tangible personal property subsequently the subject of a "Sale
21 at retail", are not sales at retail as defined in this Act:
22 Provided that the property purchased is deemed to be purchased
23 for the purpose of resale, despite first being used, to the
24 extent to which it is resold as an ingredient of an
25 intentionally produced product or byproduct of manufacturing.

26 "Sale at retail" includes all of the following services, as

1 enumerated in the North American Industry Classification
2 System Manual (NAICS), 2002, prepared by the United States
3 Office of Management and Budget:

4 (1) Arts entertainment and recreation (71).

5 (2) Personal and laundry services (812).

6 (3) Personal and household goods repair and
7 maintenance (8114).

8 (4) Travel arrangement and reservation services
9 (5615).

10 (5) Investigation and security services (5616).

11 (6) Services to buildings and dwellings (5617).

12 (7) Other support services (5619).

13 (8) Employment services (5613).

14 (9) Car washes (811192).

15 (10) Landscaping and architectural services (54132).

16 (11) Specialized design (5414).

17 (12) Lessors of miniwarehouses and self-storage units
18 (53113).

19 (13) Rental and leasing (not auto) (53211-5321209).

20 (14) Nonscheduled air transportation (4812).

21 (15) Taxi and limo (4853).

22 (16) Scenic and sightseeing transportation (4872).

23 (17) Navigational services to shipping and salvage
24 (48833).

25 (18) Motor vehicle towing (48841).

26 (19) Couriers (air and local) (492).

1 (20) Warehousing (not including farm products 49313)
2 (49311).

3 (21) Motion and drive in picture theaters
4 (512131-512132).

5 "Sale at retail" shall be construed to include any Illinois
6 florist's sales transaction in which the purchase order is
7 received in Illinois by a florist and the sale is for use or
8 consumption, but the Illinois florist has a florist in another
9 state deliver the property to the purchaser or the purchaser's
10 donee in such other state.

11 Nonreusable tangible personal property that is used by
12 persons engaged in the business of operating a restaurant,
13 cafeteria, or drive-in is a sale for resale when it is
14 transferred to customers in the ordinary course of business as
15 part of the sale of food or beverages and is used to deliver,
16 package, or consume food or beverages, regardless of where
17 consumption of the food or beverages occurs. Examples of those
18 items include, but are not limited to nonreusable, paper and
19 plastic cups, plates, baskets, boxes, sleeves, buckets or other
20 containers, utensils, straws, placemats, napkins, doggie bags,
21 and wrapping or packaging materials that are transferred to
22 customers as part of the sale of food or beverages in the
23 ordinary course of business.

24 The purchase, employment and transfer of such tangible
25 personal property as newsprint and ink for the primary purpose
26 of conveying news (with or without other information) is not a

1 purchase, use or sale of tangible personal property.

2 A person whose activities are organized and conducted
3 primarily as a not-for-profit service enterprise, and who
4 engages in selling tangible personal property at retail
5 (whether to the public or merely to members and their guests)
6 is engaged in the business of selling tangible personal
7 property at retail with respect to such transactions, excepting
8 only a person organized and operated exclusively for
9 charitable, religious or educational purposes either (1), to
10 the extent of sales by such person to its members, students,
11 patients or inmates of tangible personal property to be used
12 primarily for the purposes of such person, or (2), to the
13 extent of sales by such person of tangible personal property
14 which is not sold or offered for sale by persons organized for
15 profit. The selling of school books and school supplies by
16 schools at retail to students is not "primarily for the
17 purposes of" the school which does such selling. The provisions
18 of this paragraph shall not apply to nor subject to taxation
19 occasional dinners, socials or similar activities of a person
20 organized and operated exclusively for charitable, religious
21 or educational purposes, whether or not such activities are
22 open to the public.

23 A person who is the recipient of a grant or contract under
24 Title VII of the Older Americans Act of 1965 (P.L. 92-258) and
25 serves meals to participants in the federal Nutrition Program
26 for the Elderly in return for contributions established in

1 amount by the individual participant pursuant to a schedule of
2 suggested fees as provided for in the federal Act is not
3 engaged in the business of selling tangible personal property
4 at retail with respect to such transactions.

5 "Purchaser" means anyone who, through a sale at retail,
6 acquires the ownership of or title to tangible personal
7 property for a valuable consideration.

8 "Reseller of motor fuel" means any person engaged in the
9 business of selling or delivering or transferring title of
10 motor fuel to another person other than for use or consumption.
11 No person shall act as a reseller of motor fuel within this
12 State without first being registered as a reseller pursuant to
13 Section 2c or a retailer pursuant to Section 2a.

14 "Selling price" or the "amount of sale" means the
15 consideration for a sale valued in money whether received in
16 money or otherwise, including cash, credits, property, other
17 than as hereinafter provided, and services, but not including
18 the value of or credit given for traded-in tangible personal
19 property where the item that is traded-in is of like kind and
20 character as that which is being sold, and shall be determined
21 without any deduction on account of the cost of the property
22 sold, the cost of materials used, labor or service cost or any
23 other expense whatsoever, but does not include charges that are
24 added to prices by sellers on account of the seller's tax
25 liability under this Act, or on account of the seller's duty to
26 collect, from the purchaser, the tax that is imposed by the Use

1 Tax Act, or on account of the seller's tax liability under
2 Section 8-11-1 of the Illinois Municipal Code, as heretofore
3 and hereafter amended, or on account of the seller's tax
4 liability under the County Retailers' Occupation Tax Act, or on
5 account of the seller's tax liability under the Home Rule
6 Municipal Soft Drink Retailers' Occupation Tax, or on account
7 of the seller's tax liability under any tax imposed under the
8 "Regional Transportation Authority Act", approved December 12,
9 1973. Effective December 1, 1985, "selling price" shall include
10 charges that are added to prices by sellers on account of the
11 seller's tax liability under the Cigarette Tax Act, on account
12 of the sellers' duty to collect, from the purchaser, the tax
13 imposed under the Cigarette Use Tax Act, and on account of the
14 seller's duty to collect, from the purchaser, any cigarette tax
15 imposed by a home rule unit.

16 The phrase "like kind and character" shall be liberally
17 construed (including but not limited to any form of motor
18 vehicle for any form of motor vehicle, or any kind of farm or
19 agricultural implement for any other kind of farm or
20 agricultural implement), while not including a kind of item
21 which, if sold at retail by that retailer, would be exempt from
22 retailers' occupation tax and use tax as an isolated or
23 occasional sale.

24 "Gross receipts" from the sales of tangible personal
25 property at retail means the total selling price or the amount
26 of such sales, as hereinbefore defined. In the case of charge

1 and time sales, the amount thereof shall be included only as
2 and when payments are received by the seller. Receipts or other
3 consideration derived by a seller from the sale, transfer or
4 assignment of accounts receivable to a wholly owned subsidiary
5 will not be deemed payments prior to the time the purchaser
6 makes payment on such accounts.

7 "Department" means the Department of Revenue.

8 "Person" means any natural individual, firm, partnership,
9 association, joint stock company, joint adventure, public or
10 private corporation, limited liability company, or a receiver,
11 executor, trustee, guardian or other representative appointed
12 by order of any court.

13 The isolated or occasional sale of tangible personal
14 property at retail by a person who does not hold himself out as
15 being engaged (or who does not habitually engage) in selling
16 such tangible personal property at retail, or a sale through a
17 bulk vending machine, does not constitute engaging in a
18 business of selling such tangible personal property at retail
19 within the meaning of this Act; provided that any person who is
20 engaged in a business which is not subject to the tax imposed
21 by this Act because of involving the sale of or a contract to
22 sell real estate or a construction contract to improve real
23 estate or a construction contract to engineer, install, and
24 maintain an integrated system of products, but who, in the
25 course of conducting such business, transfers tangible
26 personal property to users or consumers in the finished form in

1 which it was purchased, and which does not become real estate
2 or was not engineered and installed, under any provision of a
3 construction contract or real estate sale or real estate sales
4 agreement entered into with some other person arising out of or
5 because of such nontaxable business, is engaged in the business
6 of selling tangible personal property at retail to the extent
7 of the value of the tangible personal property so transferred.
8 If, in such a transaction, a separate charge is made for the
9 tangible personal property so transferred, the value of such
10 property, for the purpose of this Act, shall be the amount so
11 separately charged, but not less than the cost of such property
12 to the transferor; if no separate charge is made, the value of
13 such property, for the purposes of this Act, is the cost to the
14 transferor of such tangible personal property. Construction
15 contracts for the improvement of real estate consisting of
16 engineering, installation, and maintenance of voice, data,
17 video, security, and all telecommunication systems do not
18 constitute engaging in a business of selling tangible personal
19 property at retail within the meaning of this Act if they are
20 sold at one specified contract price.

21 A person who holds himself or herself out as being engaged
22 (or who habitually engages) in selling tangible personal
23 property at retail is a person engaged in the business of
24 selling tangible personal property at retail hereunder with
25 respect to such sales (and not primarily in a service
26 occupation) notwithstanding the fact that such person designs

1 and produces such tangible personal property on special order
2 for the purchaser and in such a way as to render the property
3 of value only to such purchaser, if such tangible personal
4 property so produced on special order serves substantially the
5 same function as stock or standard items of tangible personal
6 property that are sold at retail.

7 Persons who engage in the business of transferring tangible
8 personal property upon the redemption of trading stamps are
9 engaged in the business of selling such property at retail and
10 shall be liable for and shall pay the tax imposed by this Act
11 on the basis of the retail value of the property transferred
12 upon redemption of such stamps.

13 "Bulk vending machine" means a vending machine, containing
14 unsorted confections, nuts, toys, or other items designed
15 primarily to be used or played with by children which, when a
16 coin or coins of a denomination not larger than \$0.50 are
17 inserted, are dispensed in equal portions, at random and
18 without selection by the customer.

19 (Source: P.A. 92-213, eff. 1-1-02.)

20 (35 ILCS 120/1d rep.) (from Ch. 120, par. 440d)

21 (35 ILCS 120/1f rep.) (from Ch. 120, par. 440f)

22 Section 33. The Retailers' Occupation Tax Act is amended by
23 repealing Sections 1d and 1f.

24 Section 35. The Property Tax Code is amended by changing

1 Sections 18-255, 20-15, and 21-30 and by adding Section 18-178
2 as follows:

3 (35 ILCS 200/18-178 new)

4 Sec. 18-178. Education tax abatement. Beginning with taxes
5 levied for 2007 (payable in 2008), the county clerk must
6 determine the final extension for educational purposes for all
7 taxable property in a school district located in the county or
8 for the taxable property of that part of a school district
9 located in the county, taking into account the maximum rate,
10 levy, and extension authorized under the Property Tax Extension
11 Limitation Law, the Truth in Taxation Law, and any other
12 applicable statute. The county clerk must then abate the
13 extension for educational purposes for each school district or
14 part of a school district in the county by the amount of the
15 minimum property tax relief grant and, if applicable, the
16 supplemental property tax relief grant, certified to the county
17 clerk for that school district or part of a school district by
18 the Department of Revenue under Section 6z-69 of the State
19 Finance Act. When the final extension for educational purposes
20 has been determined and abated, the county clerk must notify
21 the Department of Revenue. The county clerk must determine the
22 prorated portion of the certified minimum and, if applicable,
23 supplemental property tax relief grants allocable to each
24 taxpayer in a given school district and the aggregate relief
25 granted to that school district. The extension amount for

1 educational purposes, as originally calculated before
2 abatement, is the official, final extension for educational
3 purposes and must be used for all other purposes, including
4 determining the maximum rate, levy, and extension authorized
5 under the Property Tax Extension Limitation Law, the Truth in
6 Taxation Law, and calculations for tax increment allocation
7 financing under Section 11-74.4-8 of the Tax Increment
8 Allocation Redevelopment Act, and any other statute and the
9 maximum amount of tax anticipation warrants under Sections
10 17-16 and 34-23 of the School Code. Nothing in this Section
11 shall reduce any tax increment financing allocations arising
12 from levies upon taxable real property in redevelopment project
13 areas created under the Tax Increment Allocation Redevelopment
14 Act in the Illinois Municipal Code.

15 (35 ILCS 200/18-255)

16 Sec. 18-255. Abstract of assessments and extensions. When
17 the collector's books are completed, the county clerk shall
18 make a complete statement of the assessment and extensions, in
19 conformity to the instructions of the Department. The clerk
20 shall certify the statement to the Department. Beginning with
21 the 2008 levy year, the Department shall require the statement
22 to include a separate listing of the amount of any extension
23 that is abated under Section 18-178 of this Code.

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

1 (35 ILCS 200/20-15)

2 Sec. 20-15. Information on bill or separate statement. The
3 amount of tax due and rates shown on the tax bill pursuant to
4 this Section shall be net of any abatement under Section
5 18-178. There shall be printed on each bill, or on a separate
6 slip which shall be mailed with the bill:

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

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

22 (c) the total tax rate,

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

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

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

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

7 In all counties the statement shall also provide:

8 (1) the property index number or other suitable
9 description,

10 (2) the assessment of the property,

11 (3) the equalization factors imposed by the county and
12 by the Department, and

13 (4) the equalized assessment resulting from the
14 application of the equalization factors to the basic
15 assessment.

16 In all counties which do not classify property for purposes
17 of taxation, for property on which a single family residence is
18 situated the statement shall also include a statement to
19 reflect the fair cash value determined for the property. In all
20 counties which classify property for purposes of taxation in
21 accordance with Section 4 of Article IX of the Illinois
22 Constitution, for parcels of residential property in the lowest
23 assessment classification the statement shall also include a
24 statement to reflect the fair cash value determined for the
25 property.

26 In all counties, the statement shall include information

1 that certain taxpayers may be eligible for the Senior Citizens
2 and Disabled Persons Property Tax Relief and Pharmaceutical
3 Assistance Act and that applications are available from the
4 Illinois Department of Revenue.

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

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

19 (35 ILCS 200/21-30)

20 Sec. 21-30. Accelerated billing. Except as provided in this
21 Section, Section 9-260, and Section 21-40, in counties with
22 3,000,000 or more inhabitants, by January 31 annually,
23 estimated tax bills setting out the first installment of
24 property taxes for the preceding year, payable in that year,
25 shall be prepared and mailed. The first installment of taxes on

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

25 The county board may provide by ordinance, in counties with
26 3,000,000 or more inhabitants, for taxes to be paid in 4

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

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

20 (Source: P.A. 93-560, eff. 8-20-03; 94-312, eff. 7-25-05.)

21 Section 40. The School Code is amended by changing Sections
22 1C-2, 14-13.01, 18-8.05, and 29-5 and by adding Sections
23 18-8.15 and 18-25 as follows:

24 (105 ILCS 5/1C-2)

1 Sec. 1C-2. Block grants.

2 (a) For fiscal year 1999, and each fiscal year thereafter,
3 the State Board of Education shall award to school districts
4 block grants as described in subsections (b) and (c). The State
5 Board of Education may adopt rules and regulations necessary to
6 implement this Section. In accordance with Section 2-3.32, all
7 state block grants are subject to an audit. Therefore, block
8 grant receipts and block grant expenditures shall be recorded
9 to the appropriate fund code.

10 (b) A Professional Development Block Grant shall be created
11 by combining the existing School Improvement Block Grant and
12 the REI Initiative. These funds shall be distributed to school
13 districts based on the number of full-time certified
14 instructional staff employed in the district.

15 (c) An Early Childhood Education Block Grant shall be
16 created by combining the following programs: Preschool
17 Education, Parental Training and Prevention Initiative. These
18 funds shall be distributed to school districts and other
19 entities on a competitive basis. Eleven percent of this grant
20 shall be used to fund programs for children ages 0-3.

21 (d) The Early Childhood Fund is created as a special Fund
22 in the State treasury. All interest earned on moneys in the
23 Fund shall be deposited into the Fund. The Early Childhood Fund
24 shall not be subject to sweeps, administrative charges, or
25 charge-backs, including but not limited to, those authorized
26 under Section 8h of the State Finance Act or any other fiscal

1 or budgetary maneuver that would in any way transfer any funds
2 from the Early Childhood Fund into any other fund of the State.
3 Beginning in Fiscal Year 2008, the General Assembly shall make
4 appropriations to the State Board of Education from the Early
5 Childhood Fund to support the Illinois Early Learning Standards
6 and their use in early childhood programs and for programs that
7 focus on children from birth to 8 years old, early intervention
8 for at-risk students, pre-Kindergarten programs, early
9 literacy, and partnerships among schools, communities, and
10 service providers. The General Assembly shall appropriate or
11 transfer to the Fund for the previous specified programs as
12 follows: (1) at least \$45,000,000 for the 2007-2008 school
13 year; (2) at least \$90,000,000 for the 2008-2009 school year;
14 (3) at least \$135,000,000 for the 2009-2010 school year; and
15 (4) at least \$180,000,000 for the 2010-2011 school year.
16 Thereafter, the amount appropriated or transferred to the Fund
17 each year shall be the amount from the previous year increased
18 by the percentage increase in the Employment Cost Index for
19 Elementary and Secondary Schools, published by the Bureau of
20 Labor Statistics, for the last complete calendar year.

21 (Source: P.A. 93-396, eff. 7-29-03.)

22 (105 ILCS 5/14-13.01) (from Ch. 122, par. 14-13.01)

23 Sec. 14-13.01. Reimbursement payable by State; Amounts.
24 Reimbursement for furnishing special educational facilities in
25 a recognized school to the type of children defined in Section

1 14-1.02 shall be paid to the school districts in accordance
2 with Section 14-12.01 for each school year ending June 30 by
3 the State Comptroller out of any money in the treasury
4 appropriated for such purposes on the presentation of vouchers
5 by the State Board of Education.

6 The reimbursement shall be limited to funds expended for
7 construction and maintenance of special education facilities
8 designed and utilized to house instructional programs,
9 diagnostic services, other special education services for
10 children with disabilities and reimbursement as provided in
11 Section 14-13.01. There shall be no reimbursement for
12 construction and maintenance of any administrative facility
13 separated from special education facilities designed and
14 utilized to house instructional programs, diagnostic services
15 and other special education services for children with
16 disabilities.

17 (a) For children who have not been identified as eligible
18 for special education and for eligible children with physical
19 disabilities, including all eligible children whose placement
20 has been determined under Section 14-8.02 in hospital or home
21 instruction, the State shall reimburse each school district for
22 the estimated cost of 1/2 of the applicable teacher's salary
23 subject to the minimums identified in this subsection (a) as
24 follows: but not more than \$1,000 annually per child or \$8,000
25 per teacher for the 1985-1986 school year and thereafter,
26 whichever is less. (1) at least \$8,000 per teacher for the

1 2005-2006 school year; (2) at least \$10,750 per teacher for the
2 2006-2007 school year; (3) at least \$11,666 per teacher for the
3 2007-2008 school year; (4) at least \$13,500 per teacher for the
4 2008-2009 school year; and (5) at least \$19,000 per teacher for
5 the 2009-2010 school year. Thereafter, the reimbursement per
6 teacher is increased annually by the percentage increase in the
7 Employment Cost Index for Elementary and Secondary Schools for
8 the previous calendar year, published by the Bureau of Labor
9 Statistics. Children to be included in any reimbursement under
10 this paragraph must regularly receive a minimum of one hour of
11 instruction each school day, or in lieu thereof of a minimum of
12 5 hours of instruction in each school week in order to qualify
13 for full reimbursement under this Section. If the attending
14 physician for such a child has certified that the child should
15 not receive as many as 5 hours of instruction in a school week,
16 however, reimbursement under this paragraph on account of that
17 child shall be computed proportionate to the actual hours of
18 instruction per week for that child divided by 5.

19 (b) For children described in Section 14-1.02, 4/5 of the
20 cost of transportation for each such child, whom the State
21 Superintendent of Education determined in advance requires
22 special transportation service in order to take advantage of
23 special educational facilities. Transportation costs shall be
24 determined in the same fashion as provided in Section 29-5. For
25 purposes of this subsection (b), the dates for processing
26 claims specified in Section 29-5 shall apply.

1 (c) For each professional worker excluding those included
2 in subparagraphs (a), (d), (e), and (f) of this Section, the
3 annual sum of \$8,000 for the 1985-1986 school year and
4 thereafter.

5 (d) For one full time qualified director of the special
6 education program of each school district which maintains a
7 fully approved program of special education the annual sum of
8 \$8,000 for the 1985-1986 school year and thereafter the State
9 shall reimburse each school district for the estimated cost
10 applicable for the salary of one full time qualified director
11 of the special education program subject to the limits
12 identified in this subsection as follows: (1) at least \$8,000
13 per director for the 2005-2006 school year; (2) at least
14 \$10,750 per director for the 2006-2007 school year; (3) at
15 least \$11,666 per director for the 2007-2008 school year; (4)
16 at least \$13,500 per director for the 2008-2009 school year;
17 and (5) at least \$19,000 per director for the 2009-2010 school
18 year. Thereafter, the reimbursement per director is increased
19 annually by the percentage increase in the Employment Cost
20 Index for Elementary and Secondary Schools in the previous
21 calendar year, published by the Bureau of Labor Statistics.
22 Districts participating in a joint agreement special education
23 program shall not receive such reimbursement if reimbursement
24 is made for a director of the joint agreement program.

25 (e) For each school psychologist as defined in Section
26 14-1.09 the annual sum of \$8,000 for the 1985-1986 school year

1 and thereafter the State shall reimburse each school district
2 for the estimated cost applicable for the salary of each school
3 psychologist subject to the limits identified in this
4 subsection as follows: (1) at least \$8,000 per psychologist for
5 the 2005-2006 school year; (2) at least \$10,750 per
6 psychologist for the 2006-2007 school year; (3) at least
7 \$11,666 per psychologist for the 2007-2008 school year; (4) at
8 least \$13,500 per psychologist for the 2008-2009 school year;
9 and (5) at least \$19,000 per psychologist for the 2009-2010
10 school year. Thereafter, the reimbursement per psychologist is
11 increased annually by the percentage increase in the Employment
12 Cost Index for Elementary and Secondary Schools in the previous
13 calendar year, published by the Bureau of Labor Statistics.

14 (f) For each qualified teacher working in a fully approved
15 program for children of preschool age who are deaf or
16 hard-of-hearing the annual sum of \$8,000 for the 1985-1986
17 school year and thereafter the State shall reimburse each
18 school district for the estimated cost applicable for the
19 salary of each qualified teacher subject to the limits
20 identified in this subsection as follows: (1) at least \$8,000
21 per teacher for the 2005-2006 school year; (2) at least \$10,750
22 per teacher for the 2006-2007 school year; (3) at least \$11,666
23 per teacher for the 2007-2008 school year; (4) at least \$13,500
24 per teacher for the 2008-2009 school year; and (5) at least
25 \$19,000 per teacher for the 2009-2010 school year. Thereafter,
26 the reimbursement per teacher is increased annually by the

1 percentage increase in the Employment Cost Index for Elementary
2 and Secondary Schools in the preceding calendar year, published
3 by the Bureau of Labor Statistics.

4 (g) For readers, working with blind or partially seeing
5 children 1/2 of their salary but not more than \$400 annually
6 per child. Readers may be employed to assist such children and
7 shall not be required to be certified but prior to employment
8 shall meet standards set up by the State Board of Education.

9 (h) For necessary non-certified employees working in any
10 class or program for children defined in this Article, the
11 lesser of 1/2 of the salary paid, but in no case less than: (1)
12 \$2,800 per employee for the 2005-2006 school year; (2) \$3,762
13 per employee for the 2006-2007 school year; (3) \$4,083 per
14 employee for the 2007-2008 school year; (4) \$4,725 per employee
15 for the 2008-2009 school year; (5) \$6,650 per employee for the
16 2009-2010 school year; and (6) for the 2010-2011 school year
17 and each school year thereafter, the minimum amount of the
18 previous year increased by the Bureau of Labor Statistics,
19 Employment Cost Index for Elementary and Secondary Schools for
20 the previous calendar year ~~or \$2,800 annually per employee,~~
21 ~~whichever is less.~~

22 The State Board of Education shall set standards and
23 prescribe rules for determining the allocation of
24 reimbursement under this section on less than a full time basis
25 and for less than a school year.

26 When any school district eligible for reimbursement under

1 this Section operates a school or program approved by the State
2 Superintendent of Education for a number of days in excess of
3 the adopted school calendar but not to exceed 235 school days,
4 such reimbursement shall be increased by 1/185 of the amount or
5 rate paid hereunder for each day such school is operated in
6 excess of 185 days per calendar year.

7 Notwithstanding any other provision of law, any school
8 district receiving a payment under this Section or under
9 Section 14-7.02, 14-7.02b, or 29-5 of this Code may classify
10 all or a portion of the funds that it receives in a particular
11 fiscal year or from general State aid pursuant to Section
12 18-8.05 of this Code as funds received in connection with any
13 funding program for which it is entitled to receive funds from
14 the State in that fiscal year (including, without limitation,
15 any funding program referenced in this Section), regardless of
16 the source or timing of the receipt. The district may not
17 classify more funds as funds received in connection with the
18 funding program than the district is entitled to receive in
19 that fiscal year for that program. Any classification by a
20 district must be made by a resolution of its board of
21 education. The resolution must identify the amount of any
22 payments or general State aid to be classified under this
23 paragraph and must specify the funding program to which the
24 funds are to be treated as received in connection therewith.
25 This resolution is controlling as to the classification of
26 funds referenced therein. A certified copy of the resolution

1 must be sent to the State Superintendent of Education. The
2 resolution shall still take effect even though a copy of the
3 resolution has not been sent to the State Superintendent of
4 Education in a timely manner. No classification under this
5 paragraph by a district shall affect the total amount or timing
6 of money the district is entitled to receive under this Code.
7 No classification under this paragraph by a district shall in
8 any way relieve the district from or affect any requirements
9 that otherwise would apply with respect to that funding
10 program, including any accounting of funds by source, reporting
11 expenditures by original source and purpose, reporting
12 requirements, or requirements of providing services.

13 (Source: P.A. 92-568, eff. 6-26-02; 93-1022, eff. 8-24-04.)

14 (105 ILCS 5/18-8.05)

15 (Text of Section after amendment by P.A. 94-1105)

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

19 (A) General Provisions.

20 (1) The provisions of this Section apply to the 1998-1999
21 and subsequent school years. The system of general State
22 financial aid provided for in this Section is designed to
23 assure that, through a combination of State financial aid and
24 required local resources, the financial support provided each

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

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

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

24 (a) Any school district which fails for any given
25 school year to maintain school as required by law, or to
26 maintain a recognized school is not eligible to file for

1 such school year any claim upon the Common School Fund. In
2 case of nonrecognition of one or more attendance centers in
3 a school district otherwise operating recognized schools,
4 the claim of the district shall be reduced in the
5 proportion which the Average Daily Attendance in the
6 attendance center or centers bear to the Average Daily
7 Attendance in the school district. A "recognized school"
8 means any public school which meets the standards as
9 established for recognition by the State Board of
10 Education. A school district or attendance center not
11 having recognition status at the end of a school term is
12 entitled to receive State aid payments due upon a legal
13 claim which was filed while it was recognized.

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

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

22 (c-5) "ECI" means the Employment Cost Index for
23 elementary and secondary education as published by the U.S.
24 Bureau of Labor Statistics.

25 (d) (Blank).

26 (4) Except as provided in subsections (H) and (L), the

1 board of any district receiving any of the grants provided for
2 in this Section may apply those funds to any fund so received
3 for which that board is authorized to make expenditures by law.

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

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

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

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

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

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

26 (e) "Operating Tax Rate": All school district property

1 taxes extended for all purposes, except Bond and Interest,
2 Summer School, Rent, Capital Improvement, and Vocational
3 Education Building purposes.

4 (B) Foundation Level.

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

15 (2) For the 1998-1999 school year, the Foundation Level of
16 support is \$4,225. For the 1999-2000 school year, the
17 Foundation Level of support is \$4,325. For the 2000-2001 school
18 year, the Foundation Level of support is \$4,425. For the
19 2001-2002 school year and 2002-2003 school year, the Foundation
20 Level of support is \$4,560. For the 2003-2004 school year, the
21 Foundation Level of support is \$4,810. For the 2004-2005 school
22 year, the Foundation Level of support is \$4,964. For the
23 2005-2006 school year, the Foundation Level of support is
24 \$5,164.

25 (3) For the 2006-2007 school year ~~and each school year~~

1 ~~thereafter~~, the Foundation Level of support is \$5,334 ~~or such~~
2 ~~greater amount as may be established by law by the General~~
3 ~~Assembly.~~

4 (4) It is the intention of the General Assembly that the
5 Foundation Level of support be increased to the Education
6 Funding Advisory Board's recommendation for the 2006-2007
7 school year, as inflation adjusted to the 2007-2008 school year
8 total of \$6,674, and that this Foundation Level of support be
9 reached over a 4-year phase-in period, adjusting for inflation,
10 annually during the phase-in as provided in this Section, to
11 allow for thoughtful planning on utilization of such funding to
12 best enhance education. For (i) the 2007-2008 school year, the
13 Foundation Level of support is \$5,669; (ii) the 2008-2009
14 school year, the Foundation Level of support shall be equal to
15 the sum of (A) \$6,004 plus (B) the percentage increase, if any,
16 in the Employment Cost Index ("ECI") for elementary and
17 secondary education published by the U.S. Bureau of Labor
18 Statistics for calendar year 2008 multiplied by the Foundation
19 Level of support for the 2007-2008 school year; (iii) the
20 2009-2010 school year, the Foundation Level of support shall be
21 equal to the sum of (A) the Foundation Level of support for the
22 2008-2009 school year, plus (B) \$335, plus (C) the percentage
23 increase, if any, in the ECI for calendar year 2009 multiplied
24 by the Foundation Level of Support for the 2008-2009 school
25 year Foundation Level; and (iv) the 2010-2011 school year, the
26 Foundation Level of support shall be equal to the sum of (A)

1 the Foundation Level of support for the 2009-2010 school year,
2 plus (B) \$335, plus (C) the percentage increase, if any, in the
3 ECI for calendar year 2010 multiplied by the Foundation Level
4 of support for the 2009-2010 school year. For each school year
5 thereafter, the Foundation Level of support shall be equal to
6 the Foundation Level of support for the immediately preceding
7 school year, increased by the percentage increase, if any, in
8 the ECI published for the immediately preceding complete
9 calendar year, or such greater amount as may be established by
10 law by the General Assembly.

11 (5) The Foundation Level of support for the 2006-2007
12 school year shall be referred to as the "Pre-Reform Foundation
13 Base" and the incremental increases thereto required under
14 paragraph (B) (4) of this subsection (B) shall be referred to as
15 "Additional Base Support". School districts shall continue to
16 receive all Pre-Reform Foundation Base support for each school
17 year from and after the 2007-2008 school year, as adjusted for
18 inflation based on the ECI for elementary and secondary schools
19 of the then most recently completed calendar year, as general
20 State aid. However, school districts shall receive all
21 Additional Base Support as general State aid subject to the
22 accountability metrics identified in paragraph (7) of
23 subsection (B).

24 (6) The School Improvement Partnership Pool Fund is created
25 as a special fund in the State treasury. All interest earned on
26 moneys in the Fund shall be deposited into the Fund. The School

1 Improvement Partnership Pool Fund shall not be subject to
2 sweeps, administrative charges, or charge-backs, such as but
3 not limited to, those authorized under Section 8h of the State
4 Finance Act, nor any other fiscal or budgetary maneuver that
5 would in any way transfer any funds from the School Improvement
6 Partnership Pool Fund into any other fund of the State.

7 Beginning in Fiscal Year 2008, the State Board of Education
8 shall create the School Improvement Partnership Pool Fund to
9 provide school districts which have Available Local Resources
10 per pupil of less than the product of 0.93 times the Foundation
11 Level with demonstrated academic and financial need quality,
12 integrated support systems, such as training for staff,
13 tutoring programs for students, small school initiatives,
14 literacy coaching, proven programs, such as reduced class size,
15 extended learning time and after school and summer school
16 programs, induction and mentoring, teacher compensation
17 redesign pilot programs, instructional technology, adding days
18 to the school year calendar, incentives to attract outstanding
19 teachers into hard to staff schools or schools that are
20 underperforming, and programs to engage parents. Each school
21 district applying for funding from the School Improvement
22 Partnership Pool shall submit a student/school improvement
23 plan to the Illinois State Board of Education. After a set
24 period of time established by the Illinois State Board of
25 Education, any district receiving this funding must
26 demonstrate student improvement or revise its improvement

1 plan. The amount the General Assembly shall appropriate from
2 the Fund to the State Board of Education for these specified
3 programs shall be as follows: (1) at least \$75,000,000 for the
4 2007-2008 school year, (2) at least \$150,000,000 for the
5 2008-2009 school year, (3) at least \$225,000,000 for the
6 2009-2010 school year, and (4) at least \$300,000,000 for the
7 2010-2011 school year. Thereafter, the amount the General
8 Assembly shall appropriate from the Fund shall be increased
9 annually by the percentage increase, if any, in the Bureau of
10 Labor Statistics Employment Cost Index for Elementary and
11 Secondary Schools for the last complete calendar year.

12 (7) Accountability Metrics. (Reserved).

13 (C) Average Daily Attendance.

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

25 (2) The Average Daily Attendance figures utilized in

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

9 (D) Available Local Resources.

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

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

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

15 For partial elementary unit districts created pursuant to
16 Article 11E of this Code, local property tax revenues per pupil
17 shall be calculated as the product of the equalized assessed
18 valuation for property within the elementary and high school
19 classification of the partial elementary unit district
20 multiplied by 2.06% and divided by the Average Daily Attendance
21 figure for grades kindergarten through 8, plus the product of
22 the equalized assessed valuation for property within the high
23 school only classification of the partial elementary unit
24 district multiplied by 0.94% and divided by the Average Daily
25 Attendance figure for grades 9 through 12.

26 (4) The Corporate Personal Property Replacement Taxes paid

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

10 (E) Computation of General State Aid.

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

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

20 (3) For any school district for which Available Local
21 Resources per pupil is equal to or greater than the product of
22 0.93 times the Foundation Level and less than the product of
23 1.75 times the Foundation Level, the general State aid per
24 pupil shall be a decimal proportion of the Foundation Level
25 derived using a linear algorithm. Under this linear algorithm,

1 the calculated general State aid per pupil shall decline in
2 direct linear fashion from 0.07 times the Foundation Level for
3 a school district with Available Local Resources equal to the
4 product of 0.93 times the Foundation Level, to 0.05 times the
5 Foundation Level for a school district with Available Local
6 Resources equal to the product of 1.75 times the Foundation
7 Level. The allocation of general State aid for school districts
8 subject to this paragraph 3 shall be the calculated general
9 State aid per pupil figure multiplied by the Average Daily
10 Attendance of the school district.

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

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

1 (F) Compilation of Average Daily Attendance.

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

12 (a) In districts that do not hold year-round classes,
13 days of attendance in August shall be added to the month of
14 September and any days of attendance in June shall be added
15 to the month of May.

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

20 (c) In districts in which some buildings, but not all,
21 hold year-round classes, for the non-year-round buildings,
22 days of attendance in August shall be added to the month of
23 September and any days of attendance in June shall be added
24 to the month of May. The average daily attendance for the
25 year-round buildings shall be computed as provided in
26 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

1 be counted on the basis of the proportion of minutes of
2 school work completed each day to the minimum number of
3 minutes that school work is required to be held that day.

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

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

13 (d) A session of 3 or more clock hours may be counted
14 as a day of attendance (1) when the remainder of the school
15 day or at least 2 hours in the evening of that day is
16 utilized for an in-service training program for teachers,
17 up to a maximum of 5 days per school year of which a
18 maximum of 4 days of such 5 days may be used for
19 parent-teacher conferences, provided a district conducts
20 an in-service training program for teachers which has been
21 approved by the State Superintendent of Education; or, in
22 lieu of 4 such days, 2 full days may be used, in which
23 event each such day may be counted as a day of attendance;
24 and (2) when days in addition to those provided in item (1)
25 are scheduled by a school pursuant to its school
26 improvement plan adopted under Article 34 or its revised or

1 amended school improvement plan adopted under Article 2,
2 provided that (i) such sessions of 3 or more clock hours
3 are scheduled to occur at regular intervals, (ii) the
4 remainder of the school days in which such sessions occur
5 are utilized for in-service training programs or other
6 staff development activities for teachers, and (iii) a
7 sufficient number of minutes of school work under the
8 direct supervision of teachers are added to the school days
9 between such regularly scheduled sessions to accumulate
10 not less than the number of minutes by which such sessions
11 of 3 or more clock hours fall short of 5 clock hours. Any
12 full days used for the purposes of this paragraph shall not
13 be considered for computing average daily attendance. Days
14 scheduled for in-service training programs, staff
15 development activities, or parent-teacher conferences may
16 be scheduled separately for different grade levels and
17 different attendance centers of the district.

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

24 (f) A session of at least 4 clock hours may be counted
25 as a day of attendance for first grade pupils, and pupils
26 in full day kindergartens, and a session of 2 or more hours

1 may be counted as 1/2 day of attendance by pupils in
2 kindergartens which provide only 1/2 day of attendance.

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

10 (h) A recognized kindergarten which provides for only
11 1/2 day of attendance by each pupil shall not have more
12 than 1/2 day of attendance counted in any one day. However,
13 kindergartens may count 2 1/2 days of attendance in any 5
14 consecutive school days. When a pupil attends such a
15 kindergarten for 2 half days on any one school day, the
16 pupil shall have the following day as a day absent from
17 school, unless the school district obtains permission in
18 writing from the State Superintendent of Education.
19 Attendance at kindergartens which provide for a full day of
20 attendance by each pupil shall be counted the same as
21 attendance by first grade pupils. Only the first year of
22 attendance in one kindergarten shall be counted, except in
23 case of children who entered the kindergarten in their
24 fifth year whose educational development requires a second
25 year of kindergarten as determined under the rules and
26 regulations of the State Board of Education.

1 (i) On the days when the Prairie State Achievement
2 Examination is administered under subsection (c) of
3 Section 2-3.64 of this Code, the day of attendance for a
4 pupil whose school day must be shortened to accommodate
5 required testing procedures may be less than 5 clock hours
6 and shall be counted towards the 176 days of actual pupil
7 attendance required under Section 10-19 of this Code,
8 provided that a sufficient number of minutes of school work
9 in excess of 5 clock hours are first completed on other
10 school days to compensate for the loss of school work on
11 the examination days.

12 (G) Equalized Assessed Valuation Data.

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

23 The Department of Revenue shall add to the equalized
24 assessed value of all taxable property of each school district
25 situated entirely or partially within a county that is or was

1 subject to the alternative general homestead exemption
2 provisions of Section 15-176 of the Property Tax Code (a) an
3 amount equal to the total amount by which the homestead
4 exemption allowed under Section 15-176 of the Property Tax Code
5 for real property situated in that school district exceeds the
6 total amount that would have been allowed in that school
7 district if the maximum reduction under Section 15-176 was (i)
8 \$4,500 in Cook County or \$3,500 in all other counties in tax
9 year 2003 or (ii) \$5,000 in all counties in tax year 2004 and
10 thereafter and (b) an amount equal to the aggregate amount for
11 the taxable year of all additional exemptions under Section
12 15-175 of the Property Tax Code for owners with a household
13 income of \$30,000 or less. The county clerk of any county that
14 is or was subject to the alternative general homestead
15 exemption provisions of Section 15-176 of the Property Tax Code
16 shall annually calculate and certify to the Department of
17 Revenue for each school district all homestead exemption
18 amounts under Section 15-176 of the Property Tax Code and all
19 amounts of additional exemptions under Section 15-175 of the
20 Property Tax Code for owners with a household income of \$30,000
21 or less. It is the intent of this paragraph that if the general
22 homestead exemption for a parcel of property is determined
23 under Section 15-176 of the Property Tax Code rather than
24 Section 15-175, then the calculation of Available Local
25 Resources shall not be affected by the difference, if any,
26 between the amount of the general homestead exemption allowed

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

11 This equalized assessed valuation, as adjusted further by
12 the requirements of this subsection, shall be utilized in the
13 calculation of Available Local Resources.

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

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

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

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

1 (3) For the 1999-2000 school year and each school year
2 thereafter, if a school district meets all of the criteria of
3 this subsection (G) (3), the school district's Available Local
4 Resources shall be calculated under subsection (D) using the
5 district's Extension Limitation Equalized Assessed Valuation
6 as calculated under this subsection (G) (3).

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

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

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

13 "Preceding Tax Year": The property tax levy year
14 immediately preceding the Base Tax Year.

15 "Base Tax Year's Tax Extension": The product of the
16 equalized assessed valuation utilized by the County Clerk
17 in the Base Tax Year multiplied by the limiting rate as
18 calculated by the County Clerk and defined in the Property
19 Tax Extension Limitation Law.

20 "Preceding Tax Year's Tax Extension": The product of
21 the equalized assessed valuation utilized by the County
22 Clerk in the Preceding Tax Year multiplied by the Operating
23 Tax Rate as defined in subsection (A).

24 "Extension Limitation Ratio": A numerical ratio,
25 certified by the County Clerk, in which the numerator is
26 the Base Tax Year's Tax Extension and the denominator is

1 the Preceding Tax Year's Tax Extension.

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

4 If a school district is subject to property tax extension
5 limitations as imposed under the Property Tax Extension
6 Limitation Law, the State Board of Education shall calculate
7 the Extension Limitation Equalized Assessed Valuation of that
8 district. For the 1999-2000 school year, the Extension
9 Limitation Equalized Assessed Valuation of a school district as
10 calculated by the State Board of Education shall be equal to
11 the product of the district's 1996 Equalized Assessed Valuation
12 and the district's Extension Limitation Ratio. For the
13 2000-2001 school year and each school year thereafter, the
14 Extension Limitation Equalized Assessed Valuation of a school
15 district as calculated by the State Board of Education shall be
16 equal to the product of the Equalized Assessed Valuation last
17 used in the calculation of general State aid and the district's
18 Extension Limitation Ratio. If the Extension Limitation
19 Equalized Assessed Valuation of a school district as calculated
20 under this subsection (G)(3) is less than the district's
21 equalized assessed valuation as calculated pursuant to
22 subsections (G)(1) and (G)(2), then for purposes of calculating
23 the district's general State aid for the Budget Year pursuant
24 to subsection (E), that Extension Limitation Equalized
25 Assessed Valuation shall be utilized to calculate the
26 district's Available Local Resources under subsection (D).

1 Partial elementary unit districts created in accordance
2 with Article 11E of this Code shall not be eligible for the
3 adjustment in this subsection (G)(3) until the fifth year
4 following the effective date of the reorganization.

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

25 (5) For school districts having a majority of their
26 equalized assessed valuation in any county except Cook, DuPage,

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

11 (H) Supplemental General State Aid.

12 (1) In addition to the general State aid a school district
13 is allotted pursuant to subsection (E), qualifying school
14 districts shall receive a grant, paid in conjunction with a
15 district's payments of general State aid, for supplemental
16 general State aid based upon the concentration level of
17 children from low-income households within the school
18 district. Supplemental State aid grants provided for school
19 districts under this subsection shall be appropriated for
20 distribution to school districts as part of the same line item
21 in which the general State financial aid of school districts is
22 appropriated under this Section. If the appropriation in any
23 fiscal year for general State aid and supplemental general
24 State aid is insufficient to pay the amounts required under the
25 general State aid and supplemental general State aid

1 calculations, then the State Board of Education shall ensure
2 that each school district receives the full amount due for
3 general State aid and the remainder of the appropriation shall
4 be used for supplemental general State aid, which the State
5 Board of Education shall calculate and pay to eligible
6 districts on a prorated basis.

7 (1.5) This paragraph (1.5) applies only to those school
8 years preceding the 2003-2004 school year. For purposes of this
9 subsection (H), the term "Low-Income Concentration Level"
10 shall be the low-income eligible pupil count from the most
11 recently available federal census divided by the Average Daily
12 Attendance of the school district. If, however, (i) the
13 percentage decrease from the 2 most recent federal censuses in
14 the low-income eligible pupil count of a high school district
15 with fewer than 400 students exceeds by 75% or more the
16 percentage change in the total low-income eligible pupil count
17 of contiguous elementary school districts, whose boundaries
18 are coterminous with the high school district, or (ii) a high
19 school district within 2 counties and serving 5 elementary
20 school districts, whose boundaries are coterminous with the
21 high school district, has a percentage decrease from the 2 most
22 recent federal censuses in the low-income eligible pupil count
23 and there is a percentage increase in the total low-income
24 eligible pupil count of a majority of the elementary school
25 districts in excess of 50% from the 2 most recent federal
26 censuses, then the high school district's low-income eligible

1 pupil count from the earlier federal census shall be the number
2 used as the low-income eligible pupil count for the high school
3 district, for purposes of this subsection (H). The changes made
4 to this paragraph (1) by Public Act 92-28 shall apply to
5 supplemental general State aid grants for school years
6 preceding the 2003-2004 school year that are paid in fiscal
7 year 1999 or thereafter and to any State aid payments made in
8 fiscal year 1994 through fiscal year 1998 pursuant to
9 subsection 1(n) of Section 18-8 of this Code (which was
10 repealed on July 1, 1998), and any high school district that is
11 affected by Public Act 92-28 is entitled to a recomputation of
12 its supplemental general State aid grant or State aid paid in
13 any of those fiscal years. This recomputation shall not be
14 affected by any other funding.

15 (1.10) This paragraph (1.10) applies to the 2003-2004
16 school year and each school year thereafter. For purposes of
17 this subsection (H), the term "Low-Income Concentration Level"
18 shall, for each fiscal year, be the low-income eligible pupil
19 count as of July 1 of the immediately preceding fiscal year (as
20 determined by the Department of Human Services based on the
21 number of pupils who are eligible for at least one of the
22 following low income programs: Medicaid, KidCare, TANF, or Food
23 Stamps, excluding pupils who are eligible for services provided
24 by the Department of Children and Family Services, averaged
25 over the 2 immediately preceding fiscal years for fiscal year
26 2004 and over the 3 immediately preceding fiscal years for each

1 fiscal year thereafter) divided by the Average Daily Attendance
2 of the school district.

3 (2) Supplemental general State aid pursuant to this
4 subsection (H) shall be provided as follows for the 1998-1999,
5 1999-2000, and 2000-2001 school years only:

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

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

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

18 (d) For any school district with a Low Income
19 Concentration Level of 60% or more, the grant for the
20 1998-99 school year shall be \$1,900 multiplied by the low
21 income eligible pupil count.

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

26 (f) For the 2000-2001 school year, the per pupil

1 amounts specified in subparagraphs (b), (c), and (d)
2 immediately above shall be \$1,273, \$1,640, and \$2,050,
3 respectively.

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

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

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

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

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

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

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

5 (2.10) Except as otherwise provided, supplemental general
6 State aid pursuant to this subsection (H) shall be provided as
7 follows for the 2003-2004 school year and each school year
8 thereafter:

9 (a) For any school district with a Low Income
10 Concentration Level of 15% or less, the grant for the
11 2003-2004 school year through the 2006-2007 ~~each~~ school
12 year shall be \$355 multiplied by the low income eligible
13 pupil count. For the 2007-2008 school year and each school
14 year thereafter, the grant shall be \$355, increased by the
15 percentage increase, if any, in the ECI published for the
16 immediately preceding school year, and then multiplied by
17 the low income eligible pupil count.

18 (b) For any school district with a Low Income
19 Concentration Level greater than 15%, the grant for the
20 2003-2004 school year through the 2006-2007 ~~each~~ school
21 year shall be \$294.25 added to the product of \$2,700 and
22 the square of the Low Income Concentration Level, all
23 multiplied by the low income eligible pupil count. For the
24 2007-2008 school year and each school year thereafter, the
25 grant shall be \$294.25, increased by the percentage
26 increase, if any, in the ECI published for the immediately

1 preceding school year, then added to the product of (i)
2 \$2,700, which amount shall be increased by the percentage
3 increase, if any, in the ECI published for the immediately
4 preceding school year, and (ii) the square of the Low
5 Income Concentration Level, and then all multiplied by the
6 low income eligible pupil count.

7 For the 2003-2004 school year, 2004-2005 school year,
8 2005-2006 school year, and 2006-2007 school year only, the
9 grant shall be no less than the grant for the 2002-2003 school
10 year. For the 2007-2008 school year only, the grant shall be no
11 less than the grant for the 2002-2003 school year multiplied by
12 0.66. For the 2008-2009 school year only, the grant shall be no
13 less than the grant for the 2002-2003 school year multiplied by
14 0.33. Notwithstanding the provisions of this paragraph to the
15 contrary, if for any school year supplemental general State aid
16 grants are prorated as provided in paragraph (1) of this
17 subsection (H), then the grants under this paragraph shall be
18 prorated.

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

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

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

21 (4) School districts with an Average Daily Attendance of
22 50,000 or more that qualify for supplemental general State aid
23 pursuant to this subsection shall be required to distribute
24 from funds available pursuant to this Section, no less than
25 \$261,000,000 in accordance with the following requirements:

26 (a) The required amounts shall be distributed to the

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

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

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

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

1 for any lawful school purpose.

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

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

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

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

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

18 For purposes of determining compliance with this
19 subsection in relation to the requirements of attendance
20 center funding, each district subject to the provisions of
21 this subsection shall submit as a separate document by
22 December 1 of each year a report of expenditure data for
23 the prior year in addition to any modification of its
24 current plan. If it is determined that there has been a
25 failure to comply with the expenditure provisions of this
26 subsection regarding contravention or supplanting, the

1 State Superintendent of Education shall, within 60 days of
2 receipt of the report, notify the district and any affected
3 local school council. The district shall within 45 days of
4 receipt of that notification inform the State
5 Superintendent of Education of the remedial or corrective
6 action to be taken, whether by amendment of the current
7 plan, if feasible, or by adjustment in the plan for the
8 following year. Failure to provide the expenditure report
9 or the notification of remedial or corrective action in a
10 timely manner shall result in a withholding of the affected
11 funds.

12 The State Board of Education shall promulgate rules and
13 regulations to implement the provisions of this
14 subsection. No funds shall be released under this
15 subdivision (H) (4) to any district that has not submitted a
16 plan that has been approved by the State Board of
17 Education.

18 (I) (Blank).

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

1 was received by the district under Section 18-8 (exclusive of
2 amounts received under subsections 5(p) and 5(p-5) of that
3 Section) for the 1997-98 school year, pursuant to the
4 provisions of that Section as it was then in effect. If a
5 school district qualifies to receive a supplementary payment
6 made under this subsection (J), the amount of the aggregate
7 general State aid in combination with supplemental general
8 State aid under this Section which that district is eligible to
9 receive for each school year shall be no less than the amount
10 of the aggregate general State aid entitlement that was
11 received by the district under Section 18-8 (exclusive of
12 amounts received under subsections 5(p) and 5(p-5) of that
13 Section) for the 1997-1998 school year, pursuant to the
14 provisions of that Section as it was then in effect.

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

26 (3) (Blank).

1 (K) Grants to Laboratory and Alternative Schools.

2 In calculating the amount to be paid to the governing board
3 of a public university that operates a laboratory school under
4 this Section or to any alternative school that is operated by a
5 regional superintendent of schools, the State Board of
6 Education shall require by rule such reporting requirements as
7 it deems necessary.

8 As used in this Section, "laboratory school" means a public
9 school which is created and operated by a public university and
10 approved by the State Board of Education. The governing board
11 of a public university which receives funds from the State
12 Board under this subsection (K) may not increase the number of
13 students enrolled in its laboratory school from a single
14 district, if that district is already sending 50 or more
15 students, except under a mutual agreement between the school
16 board of a student's district of residence and the university
17 which operates the laboratory school. A laboratory school may
18 not have more than 1,000 students, excluding students with
19 disabilities in a special education program.

20 As used in this Section, "alternative school" means a
21 public school which is created and operated by a Regional
22 Superintendent of Schools and approved by the State Board of
23 Education. Such alternative schools may offer courses of
24 instruction for which credit is given in regular school
25 programs, courses to prepare students for the high school

1 equivalency testing program or vocational and occupational
2 training. A regional superintendent of schools may contract
3 with a school district or a public community college district
4 to operate an alternative school. An alternative school serving
5 more than one educational service region may be established by
6 the regional superintendents of schools of the affected
7 educational service regions. An alternative school serving
8 more than one educational service region may be operated under
9 such terms as the regional superintendents of schools of those
10 educational service regions may agree.

11 Each laboratory and alternative school shall file, on forms
12 provided by the State Superintendent of Education, an annual
13 State aid claim which states the Average Daily Attendance of
14 the school's students by month. The best 3 months' Average
15 Daily Attendance shall be computed for each school. The general
16 State aid entitlement shall be computed by multiplying the
17 applicable Average Daily Attendance by the Foundation Level as
18 determined under this Section.

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

20 (1) For a school district operating under the financial
21 supervision of an Authority created under Article 34A, the
22 general State aid otherwise payable to that district under this
23 Section, but not the supplemental general State aid, shall be
24 reduced by an amount equal to the budget for the operations of
25 the Authority as certified by the Authority to the State Board

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

8 (2) (Blank).

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

11 (M) Education Funding Advisory Board.

12 The Education Funding Advisory Board, hereinafter in this
13 subsection (M) referred to as the "Board", is hereby created.
14 The Board shall consist of 5 members who are appointed by the
15 Governor, by and with the advice and consent of the Senate. The
16 members appointed shall include representatives of education,
17 business, and the general public. One of the members so
18 appointed shall be designated by the Governor at the time the
19 appointment is made as the chairperson of the Board. The
20 initial members of the Board may be appointed any time after
21 the effective date of this amendatory Act of 1997. The regular
22 term of each member of the Board shall be for 4 years from the
23 third Monday of January of the year in which the term of the
24 member's appointment is to commence, except that of the 5
25 initial members appointed to serve on the Board, the member who

1 is appointed as the chairperson shall serve for a term that
2 commences on the date of his or her appointment and expires on
3 the third Monday of January, 2002, and the remaining 4 members,
4 by lots drawn at the first meeting of the Board that is held
5 after all 5 members are appointed, shall determine 2 of their
6 number to serve for terms that commence on the date of their
7 respective appointments and expire on the third Monday of
8 January, 2001, and 2 of their number to serve for terms that
9 commence on the date of their respective appointments and
10 expire on the third Monday of January, 2000. All members
11 appointed to serve on the Board shall serve until their
12 respective successors are appointed and confirmed. Vacancies
13 shall be filled in the same manner as original appointments. If
14 a vacancy in membership occurs at a time when the Senate is not
15 in session, the Governor shall make a temporary appointment
16 until the next meeting of the Senate, when he or she shall
17 appoint, by and with the advice and consent of the Senate, a
18 person to fill that membership for the unexpired term. If the
19 Senate is not in session when the initial appointments are
20 made, those appointments shall be made as in the case of
21 vacancies.

22 The Education Funding Advisory Board shall be deemed
23 established, and the initial members appointed by the Governor
24 to serve as members of the Board shall take office, on the date
25 that the Governor makes his or her appointment of the fifth
26 initial member of the Board, whether those initial members are

1 then serving pursuant to appointment and confirmation or
2 pursuant to temporary appointments that are made by the
3 Governor as in the case of vacancies.

4 The State Board of Education shall provide such staff
5 assistance to the Education Funding Advisory Board as is
6 reasonably required for the proper performance by the Board of
7 its responsibilities.

8 For school years after the 2000-2001 school year, the
9 Education Funding Advisory Board, in consultation with the
10 State Board of Education, shall make recommendations as
11 provided in this subsection (M) to the General Assembly for the
12 foundation level under subsection (B) ~~subdivision (B)(3)~~ of
13 this Section and for the supplemental general State aid grant
14 level under subsection (H) of this Section for districts with
15 high concentrations of children from poverty. The recommended
16 foundation level shall be determined based on a methodology
17 which incorporates the basic education expenditures of
18 low-spending schools exhibiting high academic performance. The
19 Education Funding Advisory Board shall make such
20 recommendations to the General Assembly on January 1 of odd
21 numbered years, beginning January 1, 2001.

22 (N) (Blank).

23 (O) References.

24 (1) References in other laws to the various subdivisions of

1 Section 18-8 as that Section existed before its repeal and
2 replacement by this Section 18-8.05 shall be deemed to refer to
3 the corresponding provisions of this Section 18-8.05, to the
4 extent that those references remain applicable.

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

8 (P) Public Act 93-838 and Public Act 93-808 make inconsistent
9 changes to this Section. Under Section 6 of the Statute on
10 Statutes there is an irreconcilable conflict between Public Act
11 93-808 and Public Act 93-838. Public Act 93-838, being the last
12 acted upon, is controlling. The text of Public Act 93-838 is
13 the law regardless of the text of Public Act 93-808.

14 (Source: P.A. 93-21, eff. 7-1-03; 93-715, eff. 7-12-04; 93-808,
15 eff. 7-26-04; 93-838, eff. 7-30-04; 93-875, eff. 8-6-04; 94-69,
16 eff. 7-1-05; 94-438, eff. 8-4-05; 94-835, eff. 6-6-06; 94-1019,
17 eff. 7-10-06; 94-1105, eff. 6-1-07; revised 2-18-07.)

18 (105 ILCS 5/18-8.15 new)

19 Sec. 18-8.15. Supplemental State aid for rapidly expanding
20 school districts.

21 (a) If there has been an increase in a school district's
22 student population over any 2 consecutive school years of (i)
23 over 1.5% in a district with 10,000 or more pupils in average
24 daily attendance, as defined in Section 18-8.05 of this Code,

1 or (ii) over 10% in any other district, then, subject to
2 appropriation, the district is eligible for a grant under this
3 Section.

4 (b) The State Board of Education shall determine a per
5 pupil grant amount for each school district based on the needs
6 of each district. The total grant amount for a district for any
7 given school year shall equal the per pupil grant amount
8 multiplied by the difference between the number of pupils in
9 average daily attendance for the first 3 months of the school
10 year and the number of pupils in average daily attendance for
11 the immediately preceding school year.

12 (c) Each fiscal year, the General Assembly shall
13 appropriate at least \$40,000,000 of the aggregate Common School
14 Fund appropriation to funding supplemental grants under this
15 Section. Funds for grants under this Section must be
16 appropriated to the State Board of Education in a separate line
17 item for this purpose. As soon as possible after funds have
18 been appropriated to the State Board of Education, the State
19 Board of Education shall distribute the grants to eligible
20 districts.

21 (d) If a school district intentionally reports incorrect
22 average daily attendance numbers to receive a grant under this
23 Section, then the district shall be denied State aid for
24 intentional incorrect reporting of average daily attendance
25 numbers under Section 18-8.05 of this Code.

26 (e) The State Board of Education may adopt any rules

1 necessary to implement this Section.

2 (105 ILCS 5/18-25 new)

3 Sec. 18-25. Education appropriation minimum. At a minimum,
4 the General Assembly shall appropriate from the General Revenue
5 Fund to the Common School Fund for fiscal year 2008 and each
6 fiscal year thereafter, an amount equal to the following (the
7 "Education Appropriation Minimum"):

8 (1) For fiscal year 2008, 2009, 2010, and 2011, an
9 appropriation equal to the sum of (A) all amounts
10 appropriated to the Common School Fund for the immediately
11 preceding fiscal year, plus (B) the amount necessary to
12 increase the Foundation Level of support per student as
13 provided under subdivision (B)(4) of Section 18-8.05 of
14 this Code, plus (C) \$2.7 billion to fund the School
15 District Property Tax Relief Fund described in Section
16 6z-69 of the State Finance Act (in each such fiscal year
17 except 2008, this amount shall be adjusted for inflation
18 based on the Employment Cost Index ("ECI") for elementary
19 and secondary education as published by the U.S. Bureau of
20 Labor Statistics for the last complete calendar year
21 preceding such fiscal year), plus (D) the amounts
22 determined under subsection (a) of Section 14-13.01 and of
23 this Code.

24 (2) For each fiscal year thereafter, a total
25 appropriation equal to (A) the Education Appropriation

1 Minimum for the immediately preceding fiscal year,
2 increased by the percentage increase, if any, in the ECI
3 for the last, complete immediately preceding calendar
4 year, or (B) such greater amount as the General Assembly
5 may appropriate.

6 (3) This amendatory Act of the 95th General Assembly
7 constitutes an irrevocable and continuing appropriation of
8 the Education Appropriation Minimum from the General
9 Revenue Fund to the Common School Fund in each fiscal year.

10 (105 ILCS 5/29-5) (from Ch. 122, par. 29-5)

11 Sec. 29-5. Reimbursement by State for transportation. Any
12 school district, maintaining a school, transporting resident
13 pupils to another school district's vocational program,
14 offered through a joint agreement approved by the State Board
15 of Education, as provided in Section 10-22.22 or transporting
16 its resident pupils to a school which meets the standards for
17 recognition as established by the State Board of Education
18 which provides transportation meeting the standards of safety,
19 comfort, convenience, efficiency and operation prescribed by
20 the State Board of Education for resident pupils in
21 pre-kindergarten, kindergarten, or any of grades 1 through 12
22 who: (a) reside at least 1 1/2 miles as measured by the
23 customary route of travel, from the school attended; or (b)
24 reside in areas where conditions are such that walking
25 constitutes a hazard to the safety of the child when determined

1 under Section 29-3; and (c) are transported to the school
2 attended from pick-up points at the beginning of the school day
3 and back again at the close of the school day or transported to
4 and from their assigned attendance centers during the school
5 day, shall be reimbursed by the State as hereinafter provided
6 in this Section.

7 The State will pay the cost of transporting eligible pupils
8 less the assessed valuation in a dual school district
9 maintaining secondary grades 9 to 12 inclusive times a
10 qualifying rate of .05%; in elementary school districts
11 maintaining any of grades pre-K ~~K~~ to 8 times a qualifying rate
12 of .06%; in unit districts maintaining any of grades pre-K ~~K~~ to
13 12 times a qualifying rate of .07%. To be eligible to receive
14 reimbursement in excess of 4/5 of the cost to transport
15 eligible pupils, a school district shall have a Transportation
16 Fund tax rate of at least .12%. If a school district does not
17 have a .12% Transportation Fund tax rate, the amount of its
18 claim in excess of 4/5 of the cost of transporting pupils shall
19 be reduced by the sum arrived at by subtracting the
20 Transportation Fund tax rate from .12% and multiplying that
21 amount by the districts equalized or assessed valuation,
22 provided, that in no case shall said reduction result in
23 reimbursement of less than 4/5 of the cost to transport
24 eligible pupils.

25 The minimum amount to be received by a district is \$16
26 times the number of eligible pupils transported.

1 Any such district transporting resident pupils during the
2 school day to an area vocational school or another school
3 district's vocational program more than 1 1/2 miles from the
4 school attended, as provided in Sections 10-22.20a and
5 10-22.22, shall be reimbursed by the State for 4/5 of the cost
6 of transporting eligible pupils.

7 School day means that period of time which the pupil is
8 required to be in attendance for instructional purposes.

9 If a pupil is at a location within the school district
10 other than his residence for child care purposes at the time
11 for transportation to school, that location may be considered
12 for purposes of determining the 1 1/2 miles from the school
13 attended.

14 Claims for reimbursement that include children who attend
15 any school other than a public school shall show the number of
16 such children transported.

17 Claims for reimbursement under this Section shall not be
18 paid for the transportation of pupils for whom transportation
19 costs are claimed for payment under other Sections of this Act.

20 The allowable direct cost of transporting pupils for
21 regular, vocational, and special education pupil
22 transportation shall be limited to the sum of the cost of
23 physical examinations required for employment as a school bus
24 driver; the salaries of full or part-time drivers and school
25 bus maintenance personnel; employee benefits excluding
26 Illinois municipal retirement payments, social security

1 payments, unemployment insurance payments and workers'
2 compensation insurance premiums; expenditures to independent
3 carriers who operate school buses; payments to other school
4 districts for pupil transportation services; pre-approved
5 contractual expenditures for computerized bus scheduling; the
6 cost of gasoline, oil, tires, and other supplies necessary for
7 the operation of school buses; the cost of converting buses'
8 gasoline engines to more fuel efficient engines or to engines
9 which use alternative energy sources; the cost of travel to
10 meetings and workshops conducted by the regional
11 superintendent or the State Superintendent of Education
12 pursuant to the standards established by the Secretary of State
13 under Section 6-106 of the Illinois Vehicle Code to improve the
14 driving skills of school bus drivers; the cost of maintenance
15 of school buses including parts and materials used;
16 expenditures for leasing transportation vehicles, except
17 interest and service charges; the cost of insurance and
18 licenses for transportation vehicles; expenditures for the
19 rental of transportation equipment; plus a depreciation
20 allowance of 20% for 5 years for school buses and vehicles
21 approved for transporting pupils to and from school and a
22 depreciation allowance of 10% for 10 years for other
23 transportation equipment so used. Each school year, if a school
24 district has made expenditures to the Regional Transportation
25 Authority or any of its service boards, a mass transit
26 district, or an urban transportation district under an

1 intergovernmental agreement with the district to provide for
2 the transportation of pupils and if the public transit carrier
3 received direct payment for services or passes from a school
4 district within its service area during the 2000-2001 school
5 year, then the allowable direct cost of transporting pupils for
6 regular, vocational, and special education pupil
7 transportation shall also include the expenditures that the
8 district has made to the public transit carrier. In addition to
9 the above allowable costs school districts shall also claim all
10 transportation supervisory salary costs, including Illinois
11 municipal retirement payments, and all transportation related
12 building and building maintenance costs without limitation.

13 Special education allowable costs shall also include
14 expenditures for the salaries of attendants or aides for that
15 portion of the time they assist special education pupils while
16 in transit and expenditures for parents and public carriers for
17 transporting special education pupils when pre-approved by the
18 State Superintendent of Education.

19 Indirect costs shall be included in the reimbursement claim
20 for districts which own and operate their own school buses.
21 Such indirect costs shall include administrative costs, or any
22 costs attributable to transporting pupils from their
23 attendance centers to another school building for
24 instructional purposes. No school district which owns and
25 operates its own school buses may claim reimbursement for
26 indirect costs which exceed 5% of the total allowable direct

1 costs for pupil transportation.

2 The State Board of Education shall prescribe uniform
3 regulations for determining the above standards and shall
4 prescribe forms of cost accounting and standards of determining
5 reasonable depreciation. Such depreciation shall include the
6 cost of equipping school buses with the safety features
7 required by law or by the rules, regulations and standards
8 promulgated by the State Board of Education, and the Department
9 of Transportation for the safety and construction of school
10 buses provided, however, any equipment cost reimbursed by the
11 Department of Transportation for equipping school buses with
12 such safety equipment shall be deducted from the allowable cost
13 in the computation of reimbursement under this Section in the
14 same percentage as the cost of the equipment is depreciated.

15 On or before August 15, annually, the chief school
16 administrator for the district shall certify to the State
17 Superintendent of Education the district's claim for
18 reimbursement for the school year ending on June 30 next
19 preceding. The State Superintendent of Education shall check
20 and approve the claims and prepare the vouchers showing the
21 amounts due for district reimbursement claims. Each fiscal
22 year, the State Superintendent of Education shall prepare and
23 transmit the first 3 vouchers to the Comptroller on the 30th
24 day of September, December and March, respectively, and the
25 final voucher, no later than June 20.

26 If the amount appropriated for transportation

1 reimbursement is insufficient to fund total claims for any
2 fiscal year, the State Board of Education shall reduce each
3 school district's allowable costs and flat grant amount
4 proportionately to make total adjusted claims equal the total
5 amount appropriated.

6 For purposes of calculating claims for reimbursement under
7 this Section for any school year beginning July 1, 1998, or
8 thereafter, the equalized assessed valuation for a school
9 district used to compute reimbursement shall be computed in the
10 same manner as it is computed under paragraph (2) of subsection
11 (G) of Section 18-8.05.

12 All reimbursements received from the State shall be
13 deposited into the district's transportation fund or into the
14 fund from which the allowable expenditures were made.

15 Notwithstanding any other provision of law, any school
16 district receiving a payment under this Section or under
17 Section 14-7.02, 14-7.02b, or 14-13.01 of this Code may
18 classify all or a portion of the funds that it receives in a
19 particular fiscal year or from general State aid pursuant to
20 Section 18-8.05 of this Code as funds received in connection
21 with any funding program for which it is entitled to receive
22 funds from the State in that fiscal year (including, without
23 limitation, any funding program referenced in this Section),
24 regardless of the source or timing of the receipt. The district
25 may not classify more funds as funds received in connection
26 with the funding program than the district is entitled to

1 receive in that fiscal year for that program. Any
2 classification by a district must be made by a resolution of
3 its board of education. The resolution must identify the amount
4 of any payments or general State aid to be classified under
5 this paragraph and must specify the funding program to which
6 the funds are to be treated as received in connection
7 therewith. This resolution is controlling as to the
8 classification of funds referenced therein. A certified copy of
9 the resolution must be sent to the State Superintendent of
10 Education. The resolution shall still take effect even though a
11 copy of the resolution has not been sent to the State
12 Superintendent of Education in a timely manner. No
13 classification under this paragraph by a district shall affect
14 the total amount or timing of money the district is entitled to
15 receive under this Code. No classification under this paragraph
16 by a district shall in any way relieve the district from or
17 affect any requirements that otherwise would apply with respect
18 to that funding program, including any accounting of funds by
19 source, reporting expenditures by original source and purpose,
20 reporting requirements, or requirements of providing services.

21 Any school district with a population of not more than
22 500,000 must deposit all funds received under this Article into
23 the transportation fund and use those funds for the provision
24 of transportation services.

25 (Source: P.A. 93-166, eff. 7-10-03; 93-663, eff. 2-17-04;
26 93-1022, eff. 8-24-04; 94-875, eff. 7-1-06.)

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