



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB3917

Introduced 1/10/2012, by Rep. Jerry F. Costello, II - Fred Crespo - Keith Farnham - Carol A. Sente - Michelle Mussman, et al.

SYNOPSIS AS INTRODUCED:

35 ILCS 5/201
35 ILCS 5/901

from Ch. 120, par. 2-201
from Ch. 120, par. 9-901

Amends the Illinois Income Tax Act. Reduces the rate of tax on corporations to 4.8% for taxable years beginning on or after January 1, 2012. Makes corresponding changes concerning transfers from the General Revenue Fund to the Local Government Distributive Fund. Effective immediately.

LRB097 15567 HLH 60707 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning revenue.

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

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

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

7 Sec. 201. Tax Imposed.

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

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

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

22 (2) In the case of an individual, trust or estate, for
23 taxable years beginning prior to July 1, 1989 and ending

1 after June 30, 1989, an amount equal to the sum of (i) 2
2 1/2% of the taxpayer's net income for the period prior to
3 July 1, 1989, as calculated under Section 202.3, and (ii)
4 3% of the taxpayer's net income for the period after June
5 30, 1989, as calculated under Section 202.3.

6 (3) In the case of an individual, trust or estate, for
7 taxable years beginning after June 30, 1989, and ending
8 prior to January 1, 2011, an amount equal to 3% of the
9 taxpayer's net income for the taxable year.

10 (4) In the case of an individual, trust, or estate, for
11 taxable years beginning prior to January 1, 2011, and
12 ending after December 31, 2010, an amount equal to the sum
13 of (i) 3% of the taxpayer's net income for the period prior
14 to January 1, 2011, as calculated under Section 202.5, and
15 (ii) 5% of the taxpayer's net income for the period after
16 December 31, 2010, as calculated under Section 202.5.

17 (5) In the case of an individual, trust, or estate, for
18 taxable years beginning on or after January 1, 2011, and
19 ending prior to January 1, 2015, an amount equal to 5% of
20 the taxpayer's net income for the taxable year.

21 (5.1) In the case of an individual, trust, or estate,
22 for taxable years beginning prior to January 1, 2015, and
23 ending after December 31, 2014, an amount equal to the sum
24 of (i) 5% of the taxpayer's net income for the period prior
25 to January 1, 2015, as calculated under Section 202.5, and
26 (ii) 3.75% of the taxpayer's net income for the period

1 after December 31, 2014, as calculated under Section 202.5.

2 (5.2) In the case of an individual, trust, or estate,
3 for taxable years beginning on or after January 1, 2015,
4 and ending prior to January 1, 2025, an amount equal to
5 3.75% of the taxpayer's net income for the taxable year.

6 (5.3) In the case of an individual, trust, or estate,
7 for taxable years beginning prior to January 1, 2025, and
8 ending after December 31, 2024, an amount equal to the sum
9 of (i) 3.75% of the taxpayer's net income for the period
10 prior to January 1, 2025, as calculated under Section
11 202.5, and (ii) 3.25% of the taxpayer's net income for the
12 period after December 31, 2024, as calculated under Section
13 202.5.

14 (5.4) In the case of an individual, trust, or estate,
15 for taxable years beginning on or after January 1, 2025, an
16 amount equal to 3.25% of the taxpayer's net income for the
17 taxable year.

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

21 (7) In the case of a corporation, for taxable years
22 beginning prior to July 1, 1989 and ending after June 30,
23 1989, an amount equal to the sum of (i) 4% of the
24 taxpayer's net income for the period prior to July 1, 1989,
25 as calculated under Section 202.3, and (ii) 4.8% of the
26 taxpayer's net income for the period after June 30, 1989,

1 as calculated under Section 202.3.

2 (8) In the case of a corporation, for taxable years
3 beginning after June 30, 1989, and ending prior to January
4 1, 2011, an amount equal to 4.8% of the taxpayer's net
5 income for the taxable year.

6 (9) In the case of a corporation, for taxable years
7 beginning prior to January 1, 2011, and ending after
8 December 31, 2010, an amount equal to the sum of (i) 4.8%
9 of the taxpayer's net income for the period prior to
10 January 1, 2011, as calculated under Section 202.5, and
11 (ii) 7% of the taxpayer's net income for the period after
12 December 31, 2010, as calculated under Section 202.5.

13 (10) In the case of a corporation, for taxable years
14 beginning on or after January 1, 2011, and ending prior to
15 January 1, 2012 ~~January 1, 2015~~, an amount equal to 7% of
16 the taxpayer's net income for the taxable year.

17 (11) In the case of a corporation, for taxable years
18 beginning prior to January 1, 2012 ~~January 1, 2015~~, and
19 ending after December 31, 2011 ~~December 31, 2014~~, an amount
20 equal to the sum of (i) 7% of the taxpayer's net income for
21 the period prior to January 1, 2012 ~~January 1, 2015~~, as
22 calculated under Section 202.5, and (ii) 4.8% ~~5.25%~~ of the
23 taxpayer's net income for the period after December 31,
24 2011 ~~December 31, 2014~~, as calculated under Section 202.5.

25 (12) In the case of a corporation, for taxable years
26 beginning on or after January 1, 2012 ~~January 1, 2015~~, and

1 ~~ending prior to January 1, 2025,~~ an amount equal to 4.8%
2 ~~5.25%~~ of the taxpayer's net income for the taxable year.

3 (13) (Blank). ~~In the case of a corporation, for taxable~~
4 ~~years beginning prior to January 1, 2025, and ending after~~
5 ~~December 31, 2024, an amount equal to the sum of (i) 5.25%~~
6 ~~of the taxpayer's net income for the period prior to~~
7 ~~January 1, 2025, as calculated under Section 202.5, and~~
8 ~~(ii) 4.8% of the taxpayer's net income for the period after~~
9 ~~December 31, 2024, as calculated under Section 202.5.~~

10 (14) (Blank). ~~In the case of a corporation, for taxable~~
11 ~~years beginning on or after January 1, 2025, an amount~~
12 ~~equal to 4.8% of the taxpayer's net income for the taxable~~
13 ~~year.~~

14 The rates under this subsection (b) are subject to the
15 provisions of Section 201.5.

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

1 this State or by any municipal corporation or political
2 subdivision thereof.

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

15 (d-1) Rate reduction for certain foreign insurers. In the
16 case of a foreign insurer, as defined by Section 35A-5 of the
17 Illinois Insurance Code, whose state or country of domicile
18 imposes on insurers domiciled in Illinois a retaliatory tax
19 (excluding any insurer whose premiums from reinsurance assumed
20 are 50% or more of its total insurance premiums as determined
21 under paragraph (2) of subsection (b) of Section 304, except
22 that for purposes of this determination premiums from
23 reinsurance do not include premiums from inter-affiliate
24 reinsurance arrangements), beginning with taxable years ending
25 on or after December 31, 1999, the sum of the rates of tax
26 imposed by subsections (b) and (d) shall be reduced (but not

1 increased) to the rate at which the total amount of tax imposed
2 under this Act, net of all credits allowed under this Act,
3 shall equal (i) the total amount of tax that would be imposed
4 on the foreign insurer's net income allocable to Illinois for
5 the taxable year by such foreign insurer's state or country of
6 domicile if that net income were subject to all income taxes
7 and taxes measured by net income imposed by such foreign
8 insurer's state or country of domicile, net of all credits
9 allowed or (ii) a rate of zero if no such tax is imposed on such
10 income by the foreign insurer's state of domicile. For the
11 purposes of this subsection (d-1), an inter-affiliate includes
12 a mutual insurer under common management.

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

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

19 (B) the privilege tax imposed by Section 409 of the
20 Illinois Insurance Code, the fire insurance company
21 tax imposed by Section 12 of the Fire Investigation
22 Act, and the fire department taxes imposed under
23 Section 11-10-1 of the Illinois Municipal Code,
24 equals 1.25% for taxable years ending prior to December 31,
25 2003, or 1.75% for taxable years ending on or after
26 December 31, 2003, of the net taxable premiums written for

1 the taxable year, as described by subsection (1) of Section
2 409 of the Illinois Insurance Code. This paragraph will in
3 no event increase the rates imposed under subsections (b)
4 and (d).

5 (2) Any reduction in the rates of tax imposed by this
6 subsection shall be applied first against the rates imposed
7 by subsection (b) and only after the tax imposed by
8 subsection (a) net of all credits allowed under this
9 Section other than the credit allowed under subsection (i)
10 has been reduced to zero, against the rates imposed by
11 subsection (d).

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

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

17 (1) A taxpayer shall be allowed a credit equal to .5%
18 of the basis of qualified property placed in service during
19 the taxable year, provided such property is placed in
20 service on or after July 1, 1984. There shall be allowed an
21 additional credit equal to .5% of the basis of qualified
22 property placed in service during the taxable year,
23 provided such property is placed in service on or after
24 July 1, 1986, and the taxpayer's base employment within
25 Illinois has increased by 1% or more over the preceding
26 year as determined by the taxpayer's employment records

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

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

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

25 (A) is tangible, whether new or used, including
26 buildings and structural components of buildings and

1 signs that are real property, but not including land or
2 improvements to real property that are not a structural
3 component of a building such as landscaping, sewer
4 lines, local access roads, fencing, parking lots, and
5 other appurtenances;

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

11 (C) is acquired by purchase as defined in Section
12 179(d) of the Internal Revenue Code;

13 (D) is used in Illinois by a taxpayer who is
14 primarily engaged in manufacturing, or in mining coal
15 or fluorite, or in retailing, or was placed in service
16 on or after July 1, 2006 in a River Edge Redevelopment
17 Zone established pursuant to the River Edge
18 Redevelopment Zone Act; and

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

23 (3) For purposes of this subsection (e),
24 "manufacturing" means the material staging and production
25 of tangible personal property by procedures commonly
26 regarded as manufacturing, processing, fabrication, or

1 assembling which changes some existing material into new
2 shapes, new qualities, or new combinations. For purposes of
3 this subsection (e) the term "mining" shall have the same
4 meaning as the term "mining" in Section 613(c) of the
5 Internal Revenue Code. For purposes of this subsection (e),
6 the term "retailing" means the sale of tangible personal
7 property for use or consumption and not for resale, or
8 services rendered in conjunction with the sale of tangible
9 personal property for use or consumption and not for
10 resale. For purposes of this subsection (e), "tangible
11 personal property" has the same meaning as when that term
12 is used in the Retailers' Occupation Tax Act, and, for
13 taxable years ending after December 31, 2008, does not
14 include the generation, transmission, or distribution of
15 electricity.

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, 2013, except for costs incurred
19 pursuant to a binding contract entered into on or before
20 December 31, 2013.

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, and ending prior to January 1,
14 2011, a taxpayer shall be allowed a credit against the tax
15 imposed by subsections (a) and (b) of this Section for
16 increasing research activities in this State. The credit
17 allowed against the tax imposed by subsections (a) and (b)
18 shall be equal to 6 1/2% of the qualifying expenditures for
19 increasing research activities in this State. For partners,
20 shareholders of subchapter S corporations, and owners of
21 limited liability companies, if the liability company is
22 treated as a partnership for purposes of federal and State
23 income taxation, there shall be allowed a credit under this
24 subsection to be determined in accordance with the
25 determination of income and distributive share of income under
26 Sections 702 and 704 and subchapter S of the Internal Revenue

1 Code.

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

15 Any credit in excess of the tax liability for the taxable
16 year may be carried forward. A taxpayer may elect to have the
17 unused credit shown on its final completed return carried over
18 as a credit against the tax liability for the following 5
19 taxable years or until it has been fully used, whichever occurs
20 first; provided that no credit earned in a tax year ending
21 prior to December 31, 2003 may be carried forward to any year
22 ending on or after December 31, 2003, and no credit may be
23 carried forward to any taxable year ending on or after January
24 1, 2011.

25 If an unused credit is carried forward to a given year from
26 2 or more earlier years, that credit arising in the earliest

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

11 No inference shall be drawn from this amendatory Act of the
12 91st General Assembly in construing this Section for taxable
13 years beginning before January 1, 1999.

14 (1) Environmental Remediation Tax Credit.

15 (i) For tax years ending after December 31, 1997 and on
16 or before December 31, 2001, a taxpayer shall be allowed a
17 credit against the tax imposed by subsections (a) and (b)
18 of this Section for certain amounts paid for unreimbursed
19 eligible remediation costs, as specified in this
20 subsection. For purposes of this Section, "unreimbursed
21 eligible remediation costs" means costs approved by the
22 Illinois Environmental Protection Agency ("Agency") under
23 Section 58.14 of the Environmental Protection Act that were
24 paid in performing environmental remediation at a site for
25 which a No Further Remediation Letter was issued by the
26 Agency and recorded under Section 58.10 of the

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

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

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

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

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

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

24 For purposes of this subsection:

25 "Qualifying pupils" means individuals who (i) are
26 residents of the State of Illinois, (ii) are under the age of

1 21 at the close of the school year for which a credit is
2 sought, and (iii) during the school year for which a credit is
3 sought were full-time pupils enrolled in a kindergarten through
4 twelfth grade education program at any school, as defined in
5 this subsection.

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

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

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

20 (n) River Edge Redevelopment Zone site remediation tax
21 credit.

22 (i) For tax years ending on or after December 31, 2006,
23 a taxpayer shall be allowed a credit against the tax
24 imposed by subsections (a) and (b) of this Section for
25 certain amounts paid for unreimbursed eligible remediation
26 costs, as specified in this subsection. For purposes of

1 this Section, "unreimbursed eligible remediation costs"
2 means costs approved by the Illinois Environmental
3 Protection Agency ("Agency") under Section 58.14a of the
4 Environmental Protection Act that were paid in performing
5 environmental remediation at a site within a River Edge
6 Redevelopment Zone for which a No Further Remediation
7 Letter was issued by the Agency and recorded under Section
8 58.10 of the Environmental Protection Act. The credit must
9 be claimed for the taxable year in which Agency approval of
10 the eligible remediation costs is granted. The credit is
11 not available to any taxpayer if the taxpayer or any
12 related party caused or contributed to, in any material
13 respect, a release of regulated substances on, in, or under
14 the site that was identified and addressed by the remedial
15 action pursuant to the Site Remediation Program of the
16 Environmental Protection Act. Determinations as to credit
17 availability for purposes of this Section shall be made
18 consistent with rules adopted by the Pollution Control
19 Board pursuant to the Illinois Administrative Procedure
20 Act for the administration and enforcement of Section 58.9
21 of the Environmental Protection Act. For purposes of this
22 Section, "taxpayer" includes a person whose tax attributes
23 the taxpayer has succeeded to under Section 381 of the
24 Internal Revenue Code and "related party" includes the
25 persons disallowed a deduction for losses by paragraphs
26 (b), (c), and (f)(1) of Section 267 of the Internal Revenue

1 Code by virtue of being a related taxpayer, as well as any
2 of its partners. The credit allowed against the tax imposed
3 by subsections (a) and (b) shall be equal to 25% of the
4 unreimbursed eligible remediation costs in excess of
5 \$100,000 per site.

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

1 eligible under the provisions of subsection (i).

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

5 (Source: P.A. 96-115, eff. 7-31-09; 96-116, eff. 7-31-09;
6 96-937, eff. 6-23-10; 96-1000, eff. 7-2-10; 96-1496, eff.
7 1-13-11; 97-2, eff. 5-6-11.)

8 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

9 Sec. 901. Collection Authority.

10 (a) In general.

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

1 Code, as directed by the Department of Healthcare and Family
2 Services.

3 (b) Local Government Distributive Fund.

4 Beginning August 1, 1969, and continuing through June 30,
5 1994, the Treasurer shall transfer each month from the General
6 Revenue Fund to a special fund in the State treasury, to be
7 known as the "Local Government Distributive Fund", an amount
8 equal to 1/12 of the net revenue realized from the tax imposed
9 by subsections (a) and (b) of Section 201 of this Act during
10 the preceding month. Beginning July 1, 1994, and continuing
11 through June 30, 1995, the Treasurer shall transfer each month
12 from the General Revenue Fund to the Local Government
13 Distributive Fund an amount equal to 1/11 of the net revenue
14 realized from the tax imposed by subsections (a) and (b) of
15 Section 201 of this Act during the preceding month. Beginning
16 July 1, 1995 and continuing through January 31, 2011, the
17 Treasurer shall transfer each month from the General Revenue
18 Fund to the Local Government Distributive Fund an amount equal
19 to the net of (i) 1/10 of the net revenue realized from the tax
20 imposed by subsections (a) and (b) of Section 201 of the
21 Illinois Income Tax Act during the preceding month (ii) minus,
22 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,
23 and beginning July 1, 2004, zero. Beginning February 1, 2011,
24 and continuing through January 31, 2012 ~~January 31, 2015~~, the
25 Treasurer shall transfer each month from the General Revenue
26 Fund to the Local Government Distributive Fund an amount equal

1 to the sum of (i) 6% (10% of the ratio of the 3% individual
2 income tax rate prior to 2011 to the 5% individual income tax
3 rate after 2010) of the net revenue realized from the tax
4 imposed by subsections (a) and (b) of Section 201 of this Act
5 upon individuals, trusts, and estates during the preceding
6 month and (ii) 6.86% (10% of the ratio of the 4.8% corporate
7 income tax rate prior to 2011 to the 7% corporate income tax
8 rate after 2010) of the net revenue realized from the tax
9 imposed by subsections (a) and (b) of Section 201 of this Act
10 upon corporations during the preceding month. Beginning
11 February 1, 2012, and continuing through January 31, 2015, the
12 Treasurer shall transfer each month from the General Revenue
13 Fund to the Local Government Distributive Fund an amount equal
14 to the sum of (i) 6% (10% of the ratio of the 3% individual
15 income tax rate prior to 2011 to the 5% individual income tax
16 rate after 2010) of the net revenue realized from the tax
17 imposed by subsections (a) and (b) of Section 201 of this Act
18 upon individuals, trusts, and estates during the preceding
19 month and (ii) 10% of the net revenue realized from the tax
20 imposed by subsections (a) and (b) of Section 201 of this Act
21 upon corporations during the preceding month. Beginning
22 February 1, 2015 and continuing through January 31, 2025, the
23 Treasurer shall transfer each month from the General Revenue
24 Fund to the Local Government Distributive Fund an amount equal
25 to the sum of (i) 8% (10% of the ratio of the 3% individual
26 income tax rate prior to 2011 to the 3.75% individual income

1 tax rate after 2014) of the net revenue realized from the tax
2 imposed by subsections (a) and (b) of Section 201 of this Act
3 upon individuals, trusts, and estates during the preceding
4 month and (ii) 10% ~~9.14%~~ ~~(10% of the ratio of the 4.8%~~
5 ~~corporate income tax rate prior to 2011 to the 5.25% corporate~~
6 ~~income tax rate after 2014)~~ of the net revenue realized from
7 the tax imposed by subsections (a) and (b) of Section 201 of
8 this Act upon corporations during the preceding month.
9 Beginning February 1, 2025, the Treasurer shall transfer each
10 month from the General Revenue Fund to the Local Government
11 Distributive Fund an amount equal to the sum of (i) 9.23% (10%
12 of the ratio of the 3% individual income tax rate prior to 2011
13 to the 3.25% individual income tax rate after 2024) of the net
14 revenue realized from the tax imposed by subsections (a) and
15 (b) of Section 201 of this Act upon individuals, trusts, and
16 estates during the preceding month and (ii) 10% of the net
17 revenue realized from the tax imposed by subsections (a) and
18 (b) of Section 201 of this Act upon corporations during the
19 preceding month. Net revenue realized for a month shall be
20 defined as the revenue from the tax imposed by subsections (a)
21 and (b) of Section 201 of this Act which is deposited in the
22 General Revenue Fund, the Education Assistance Fund, the Income
23 Tax Surcharge Local Government Distributive Fund, the Fund for
24 the Advancement of Education, and the Commitment to Human
25 Services Fund during the month minus the amount paid out of the
26 General Revenue Fund in State warrants during that same month

1 as refunds to taxpayers for overpayment of liability under the
2 tax imposed by subsections (a) and (b) of Section 201 of this
3 Act.

4 (c) Deposits Into Income Tax Refund Fund.

5 (1) Beginning on January 1, 1989 and thereafter, the
6 Department shall deposit a percentage of the amounts
7 collected pursuant to subsections (a) and (b) (1), (2), and
8 (3), of Section 201 of this Act into a fund in the State
9 treasury known as the Income Tax Refund Fund. The
10 Department shall deposit 6% of such amounts during the
11 period beginning January 1, 1989 and ending on June 30,
12 1989. Beginning with State fiscal year 1990 and for each
13 fiscal year thereafter, the percentage deposited into the
14 Income Tax Refund Fund during a fiscal year shall be the
15 Annual Percentage. For fiscal years 1999 through 2001, the
16 Annual Percentage shall be 7.1%. For fiscal year 2003, the
17 Annual Percentage shall be 8%. For fiscal year 2004, the
18 Annual Percentage shall be 11.7%. Upon the effective date
19 of this amendatory Act of the 93rd General Assembly, the
20 Annual Percentage shall be 10% for fiscal year 2005. For
21 fiscal year 2006, the Annual Percentage shall be 9.75%. For
22 fiscal year 2007, the Annual Percentage shall be 9.75%. For
23 fiscal year 2008, the Annual Percentage shall be 7.75%. For
24 fiscal year 2009, the Annual Percentage shall be 9.75%. For
25 fiscal year 2010, the Annual Percentage shall be 9.75%. For
26 fiscal year 2011, the Annual Percentage shall be 8.75%. For

1 fiscal year 2012, the Annual Percentage shall be 8.75%. For
2 all other fiscal years, the Annual Percentage shall be
3 calculated as a fraction, the numerator of which shall be
4 the amount of refunds approved for payment by the
5 Department during the preceding fiscal year as a result of
6 overpayment of tax liability under subsections (a) and
7 (b) (1), (2), and (3) of Section 201 of this Act plus the
8 amount of such refunds remaining approved but unpaid at the
9 end of the preceding fiscal year, minus the amounts
10 transferred into the Income Tax Refund Fund from the
11 Tobacco Settlement Recovery Fund, and the denominator of
12 which shall be the amounts which will be collected pursuant
13 to subsections (a) and (b) (1), (2), and (3) of Section 201
14 of this Act during the preceding fiscal year; except that
15 in State fiscal year 2002, the Annual Percentage shall in
16 no event exceed 7.6%. The Director of Revenue shall certify
17 the Annual Percentage to the Comptroller on the last
18 business day of the fiscal year immediately preceding the
19 fiscal year for which it is to be effective.

20 (2) Beginning on January 1, 1989 and thereafter, the
21 Department shall deposit a percentage of the amounts
22 collected pursuant to subsections (a) and (b) (6), (7), and
23 (8), (c) and (d) of Section 201 of this Act into a fund in
24 the State treasury known as the Income Tax Refund Fund. The
25 Department shall deposit 18% of such amounts during the
26 period beginning January 1, 1989 and ending on June 30,

1 1989. Beginning with State fiscal year 1990 and for each
2 fiscal year thereafter, the percentage deposited into the
3 Income Tax Refund Fund during a fiscal year shall be the
4 Annual Percentage. For fiscal years 1999, 2000, and 2001,
5 the Annual Percentage shall be 19%. For fiscal year 2003,
6 the Annual Percentage shall be 27%. For fiscal year 2004,
7 the Annual Percentage shall be 32%. Upon the effective date
8 of this amendatory Act of the 93rd General Assembly, the
9 Annual Percentage shall be 24% for fiscal year 2005. For
10 fiscal year 2006, the Annual Percentage shall be 20%. For
11 fiscal year 2007, the Annual Percentage shall be 17.5%. For
12 fiscal year 2008, the Annual Percentage shall be 15.5%. For
13 fiscal year 2009, the Annual Percentage shall be 17.5%. For
14 fiscal year 2010, the Annual Percentage shall be 17.5%. For
15 fiscal year 2011, the Annual Percentage shall be 17.5%. For
16 fiscal year 2012, the Annual Percentage shall be 17.5%. For
17 all other fiscal years, the Annual Percentage shall be
18 calculated as a fraction, the numerator of which shall be
19 the amount of refunds approved for payment by the
20 Department during the preceding fiscal year as a result of
21 overpayment of tax liability under subsections (a) and
22 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
23 Act plus the amount of such refunds remaining approved but
24 unpaid at the end of the preceding fiscal year, and the
25 denominator of which shall be the amounts which will be
26 collected pursuant to subsections (a) and (b) (6), (7), and

1 (8), (c) and (d) of Section 201 of this Act during the
2 preceding fiscal year; except that in State fiscal year
3 2002, the Annual Percentage shall in no event exceed 23%.
4 The Director of Revenue shall certify the Annual Percentage
5 to the Comptroller on the last business day of the fiscal
6 year immediately preceding the fiscal year for which it is
7 to be effective.

8 (3) The Comptroller shall order transferred and the
9 Treasurer shall transfer from the Tobacco Settlement
10 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
11 in January, 2001, (ii) \$35,000,000 in January, 2002, and
12 (iii) \$35,000,000 in January, 2003.

13 (d) Expenditures from Income Tax Refund Fund.

14 (1) Beginning January 1, 1989, money in the Income Tax
15 Refund Fund shall be expended exclusively for the purpose
16 of paying refunds resulting from overpayment of tax
17 liability under Section 201 of this Act, for paying rebates
18 under Section 208.1 in the event that the amounts in the
19 Homeowners' Tax Relief Fund are insufficient for that
20 purpose, and for making transfers pursuant to this
21 subsection (d).

22 (2) The Director shall order payment of refunds
23 resulting from overpayment of tax liability under Section
24 201 of this Act from the Income Tax Refund Fund only to the
25 extent that amounts collected pursuant to Section 201 of
26 this Act and transfers pursuant to this subsection (d) and

1 item (3) of subsection (c) have been deposited and retained
2 in the Fund.

3 (3) As soon as possible after the end of each fiscal
4 year, the Director shall order transferred and the State
5 Treasurer and State Comptroller shall transfer from the
6 Income Tax Refund Fund to the Personal Property Tax
7 Replacement Fund an amount, certified by the Director to
8 the Comptroller, equal to the excess of the amount
9 collected pursuant to subsections (c) and (d) of Section
10 201 of this Act deposited into the Income Tax Refund Fund
11 during the fiscal year over the amount of refunds resulting
12 from overpayment of tax liability under subsections (c) and
13 (d) of Section 201 of this Act paid from the Income Tax
14 Refund Fund during the fiscal year.

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

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

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

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

16 On July 1, 1991, and thereafter, of the amounts collected
17 pursuant to subsections (a) and (b) of Section 201 of this Act,
18 minus deposits into the Income Tax Refund Fund, the Department
19 shall deposit 7.3% into the Education Assistance Fund in the
20 State Treasury. Beginning July 1, 1991, and continuing through
21 January 31, 1993, of the amounts collected pursuant to
22 subsections (a) and (b) of Section 201 of the Illinois Income
23 Tax Act, minus deposits into the Income Tax Refund Fund, the
24 Department shall deposit 3.0% into the Income Tax Surcharge
25 Local Government Distributive Fund in the State Treasury.
26 Beginning February 1, 1993 and continuing through June 30,

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

11 (f) Deposits into the Fund for the Advancement of
12 Education. Beginning February 1, 2015, the Department shall
13 deposit the following portions of the revenue realized from the
14 tax imposed upon individuals, trusts, and estates by
15 subsections (a) and (b) of Section 201 of this Act during the
16 preceding month, minus deposits into the Income Tax Refund
17 Fund, into the Fund for the Advancement of Education:

18 (1) beginning February 1, 2015, and prior to February
19 1, 2025, 1/30; and

20 (2) beginning February 1, 2025, 1/26.

21 If the rate of tax imposed by subsection (a) and (b) of
22 Section 201 is reduced pursuant to Section 201.5 of this Act,
23 the Department shall not make the deposits required by this
24 subsection (f) on or after the effective date of the reduction.

25 (g) Deposits into the Commitment to Human Services Fund.
26 Beginning February 1, 2015, the Department shall deposit the

1 following portions of the revenue realized from the tax imposed
2 upon individuals, trusts, and estates by subsections (a) and
3 (b) of Section 201 of this Act during the preceding month,
4 minus deposits into the Income Tax Refund Fund, into the
5 Commitment to Human Services Fund:

6 (1) beginning February 1, 2015, and prior to February
7 1, 2025, 1/30; and

8 (2) beginning February 1, 2025, 1/26.

9 If the rate of tax imposed by subsection (a) and (b) of
10 Section 201 is reduced pursuant to Section 201.5 of this Act,
11 the Department shall not make the deposits required by this
12 subsection (g) on or after the effective date of the reduction.

13 (Source: P.A. 96-45, eff. 7-15-09; 96-328, eff. 8-11-09;
14 96-959, eff. 7-1-10; 96-1496, eff. 1-13-11; 97-72, eff.
15 7-1-11.)

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