

HB5867



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB5867

Introduced 2/16/2012, by Rep. Michael J. Zalewski

SYNOPSIS AS INTRODUCED:

35 ILCS 5/201

from Ch. 120, par. 2-201

Amends the Illinois Income Tax Act. Makes a technical change in a Section concerning the tax imposed.

LRB097 18418 HLH 63644 b

A BILL FOR

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 Section 201 as follows:

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

7 (Text of Section before amendment by P.A. 97-636)

8 Sec. 201. Tax Imposed.

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

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

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

23 (2) In the case of an individual, trust or estate, for

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

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

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

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

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

1 (ii) 3.75% of the taxpayer's net income for the period
2 after December 31, 2014, as calculated under Section 202.5.

3 (5.2) In the case of an individual, trust, or estate,
4 for taxable years beginning on or after January 1, 2015,
5 and ending prior to January 1, 2025, an amount equal to
6 3.75% of the taxpayer's net income for the taxable year.

7 (5.3) In the case of an individual, trust, or estate,
8 for taxable years beginning prior to January 1, 2025, and
9 ending after December 31, 2024, an amount equal to the sum
10 of (i) 3.75% of the taxpayer's net income for the period
11 prior to January 1, 2025, as calculated under Section
12 202.5, and (ii) 3.25% of the taxpayer's net income for the
13 period after December 31, 2024, as calculated under Section
14 202.5.

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

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

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

1 taxpayer's net income for the period after June 30, 1989,
2 as calculated under Section 202.3.

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

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

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

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

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

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

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

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

1 subdivision thereof.

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

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

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

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

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

18 (B) the privilege tax imposed by Section 409 of the
19 Illinois Insurance Code, the fire insurance company
20 tax imposed by Section 12 of the Fire Investigation
21 Act, and the fire department taxes imposed under
22 Section 11-10-1 of the Illinois Municipal Code,

23 equals 1.25% for taxable years ending prior to December 31,
24 2003, or 1.75% for taxable years ending on or after
25 December 31, 2003, of the net taxable premiums written for
26 the taxable year, as described by subsection (1) of Section

1 409 of the Illinois Insurance Code. This paragraph will in
2 no event increase the rates imposed under subsections (b)
3 and (d).

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

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

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

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

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

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

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

24 (A) is tangible, whether new or used, including
25 buildings and structural components of buildings and
26 signs that are real property, but not including land or

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

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

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

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

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

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

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

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

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

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

25 (7) If during any taxable year, any property ceases to
26 be qualified property in the hands of the taxpayer within

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

15 (8) Unless the investment credit is extended by law,
16 the basis of qualified property shall not include costs
17 incurred after December 31, 2013, except for costs incurred
18 pursuant to a binding contract entered into on or before
19 December 31, 2013.

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

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

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

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

26 (1) A taxpayer shall be allowed a credit against the

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (7) There shall be allowed an additional credit equal
26 to 0.5% of the basis of qualified property placed in

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

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

18 (1) A taxpayer conducting a trade or business in an
19 enterprise zone or a High Impact Business designated by the
20 Department of Commerce and Economic Opportunity or for
21 taxable years ending on or after December 31, 2006, in a
22 River Edge Redevelopment Zone conducting a trade or
23 business in a federally designated Foreign Trade Zone or
24 Sub-Zone shall be allowed a credit against the tax imposed
25 by subsections (a) and (b) of this Section in the amount of
26 \$500 per eligible employee hired to work in the zone during

1 the taxable year.

2 (2) To qualify for the credit:

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

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

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

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

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

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

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

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

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

1 credit shall be applied first.

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

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

7 (h) Investment credit; High Impact Business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (i) Credit for Personal Property Tax Replacement Income
25 Tax. For tax years ending prior to December 31, 2003, a credit
26 shall be allowed against the tax imposed by subsections (a) and

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

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

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

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

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

25 Any credit allowed under this subsection which is unused in
26 the year the credit is earned may be carried forward to each of

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

9 (k) Research and development credit.

10 For tax years ending after July 1, 1990 and prior to
11 December 31, 2003, and beginning again for tax years ending on
12 or after December 31, 2004, and ending prior to January 1,
13 2011, a taxpayer shall be allowed a credit against the tax
14 imposed by subsections (a) and (b) of this Section for
15 increasing research activities in this State. The credit
16 allowed against the tax imposed by subsections (a) and (b)
17 shall be equal to 6 1/2% of the qualifying expenditures for
18 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, and no credit may be
22 carried forward to any taxable year ending on or after January
23 1, 2011.

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

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

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

13 (1) Environmental Remediation Tax Credit.

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

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

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

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

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

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

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

23 For purposes of this subsection:

24 "Qualifying pupils" means individuals who (i) are
25 residents of the State of Illinois, (ii) are under the age of
26 21 at the close of the school year for which a credit is

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

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

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

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

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

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

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

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

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

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

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

7 (Text of Section after amendment by P.A. 97-636)

8 Sec. 201. Tax Imposed.

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

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

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

23 (2) In the case of an individual, trust or estate, for
24 taxable years beginning prior to July 1, 1989 and ending
25 after June 30, 1989, an amount equal to the sum of (i) 2

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

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

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

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

20 (5.1) In the case of an individual, trust, or estate,
21 for taxable years beginning prior to January 1, 2015, and
22 ending after December 31, 2014, an amount equal to the sum
23 of (i) 5% of the taxpayer's net income for the period prior
24 to January 1, 2015, as calculated under Section 202.5, and
25 (ii) 3.75% of the taxpayer's net income for the period
26 after December 31, 2014, as calculated under Section 202.5.

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

5 (5.3) In the case of an individual, trust, or estate,
6 for taxable years beginning prior to January 1, 2025, and
7 ending after December 31, 2024, an amount equal to the sum
8 of (i) 3.75% of the taxpayer's net income for the period
9 prior to January 1, 2025, as calculated under Section
10 202.5, and (ii) 3.25% of the taxpayer's net income for the
11 period after December 31, 2024, as calculated under Section
12 202.5.

13 (5.4) In the case of an individual, trust, or estate,
14 for taxable years beginning on or after January 1, 2025, an
15 amount equal to 3.25% of the taxpayer's net income for the
16 taxable year.

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

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

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

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

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

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

23 (12) In the case of a corporation, for taxable years
24 beginning on or after January 1, 2015, and ending prior to
25 January 1, 2025, an amount equal to 5.25% of the taxpayer's
26 net income for the taxable year.

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

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

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

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

26 (d) Additional Personal Property Tax Replacement Income

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

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

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

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

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

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

1 and (d).

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

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

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

14 (1) A taxpayer shall be allowed a credit equal to .5%
15 of the basis of qualified property placed in service during
16 the taxable year, provided such property is placed in
17 service on or after July 1, 1984. There shall be allowed an
18 additional credit equal to .5% of the basis of qualified
19 property placed in service during the taxable year,
20 provided such property is placed in service on or after
21 July 1, 1986, and the taxpayer's base employment within
22 Illinois has increased by 1% or more over the preceding
23 year as determined by the taxpayer's employment records
24 filed with the Illinois Department of Employment Security.
25 Taxpayers who are new to Illinois shall be deemed to have
26 met the 1% growth in base employment for the first year in

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

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

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

22 (A) is tangible, whether new or used, including
23 buildings and structural components of buildings and
24 signs that are real property, but not including land or
25 improvements to real property that are not a structural
26 component of a building such as landscaping, sewer

1 lines, local access roads, fencing, parking lots, and
2 other appurtenances;

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

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

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

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

20 (3) For purposes of this subsection (e),
21 "manufacturing" means the material staging and production
22 of tangible personal property by procedures commonly
23 regarded as manufacturing, processing, fabrication, or
24 assembling which changes some existing material into new
25 shapes, new qualities, or new combinations. For purposes of
26 this subsection (e) the term "mining" shall have the same

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

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

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

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

23 (7) If during any taxable year, any property ceases to
24 be qualified property in the hands of the taxpayer within
25 48 months after being placed in service, or the situs of
26 any qualified property is moved outside Illinois within 48

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

13 (8) Unless the investment credit is extended by law,
14 the basis of qualified property shall not include costs
15 incurred after December 31, 2018, except for costs incurred
16 pursuant to a binding contract entered into on or before
17 December 31, 2018.

18 (9) Each taxable year ending before December 31, 2000,
19 a partnership may elect to pass through to its partners the
20 credits to which the partnership is entitled under this
21 subsection (e) for the taxable year. A partner may use the
22 credit allocated to him or her under this paragraph only
23 against the tax imposed in subsections (c) and (d) of this
24 Section. If the partnership makes that election, those
25 credits shall be allocated among the partners in the
26 partnership in accordance with the rules set forth in

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

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

22 (f) Investment credit; Enterprise Zone; River Edge
23 Redevelopment Zone.

24 (1) A taxpayer shall be allowed a credit against the
25 tax imposed by subsections (a) and (b) of this Section for
26 investment in qualified property which is placed in service

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

1 applied to the earliest year for which there is a
2 liability. If there is credit from more than one tax year
3 that is available to offset a liability, the credit
4 accruing first in time shall be applied first.

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

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

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

13 (C) is acquired by purchase as defined in Section
14 179(d) of the Internal Revenue Code;

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

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

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

24 (4) If the basis of the property for federal income tax
25 depreciation purposes is increased after it has been placed
26 in service in the Enterprise Zone or River Edge

1 Redevelopment Zone by the taxpayer, the amount of such
2 increase shall be deemed property placed in service on the
3 date of such increase in basis.

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

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

23 (7) There shall be allowed an additional credit equal
24 to 0.5% of the basis of qualified property placed in
25 service during the taxable year in a River Edge
26 Redevelopment Zone, provided such property is placed in

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

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

16 (1) A taxpayer conducting a trade or business in an
17 enterprise zone or a High Impact Business designated by the
18 Department of Commerce and Economic Opportunity or for
19 taxable years ending on or after December 31, 2006, in a
20 River Edge Redevelopment Zone conducting a trade or
21 business in a federally designated Foreign Trade Zone or
22 Sub-Zone shall be allowed a credit against the tax imposed
23 by subsections (a) and (b) of this Section in the amount of
24 \$500 per eligible employee hired to work in the zone during
25 the taxable year.

26 (2) To qualify for the credit:

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

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

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

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

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

25 (B) Hired after the enterprise zone, River Edge
26 Redevelopment Zone, or federally designated Foreign

1 Trade Zone or Sub-Zone was designated or the trade or
2 business was located in that zone, whichever is later.

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

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

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

26 (5) The Department of Revenue shall promulgate such

1 rules and regulations as may be deemed necessary to carry
2 out the purposes of this subsection (g).

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

5 (h) Investment credit; High Impact Business.

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

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

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

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

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

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

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

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

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

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

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

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

20 (6) If during any taxable year ending on or before
21 December 31, 1996, any property ceases to be qualified
22 property in the hands of the taxpayer within 48 months
23 after being placed in service, or the situs of any
24 qualified property is moved outside Illinois within 48
25 months after being placed in service, the tax imposed under
26 subsections (a) and (b) of this Section for such taxable

1 year shall be increased. Such increase shall be determined
2 by (i) recomputing the investment credit which would have
3 been allowed for the year in which credit for such property
4 was originally allowed by eliminating such property from
5 such computation, and (ii) subtracting such recomputed
6 credit from the amount of credit previously allowed. For
7 the purposes of this paragraph (6), a reduction of the
8 basis of qualified property resulting from a
9 redetermination of the purchase price shall be deemed a
10 disposition of qualified property to the extent of such
11 reduction.

12 (7) Beginning with tax years ending after December 31,
13 1996, if a taxpayer qualifies for the credit under this
14 subsection (h) and thereby is granted a tax abatement and
15 the taxpayer relocates its entire facility in violation of
16 the explicit terms and length of the contract under Section
17 18-183 of the Property Tax Code, the tax imposed under
18 subsections (a) and (b) of this Section shall be increased
19 for the taxable year in which the taxpayer relocated its
20 facility by an amount equal to the amount of credit
21 received by the taxpayer under this subsection (h).

22 (i) Credit for Personal Property Tax Replacement Income
23 Tax. For tax years ending prior to December 31, 2003, a credit
24 shall be allowed against the tax imposed by subsections (a) and
25 (b) of this Section for the tax imposed by subsections (c) and
26 (d) of this Section. This credit shall be computed by

1 multiplying the tax imposed by subsections (c) and (d) of this
2 Section by a fraction, the numerator of which is base income
3 allocable to Illinois and the denominator of which is Illinois
4 base income, and further multiplying the product by the tax
5 rate imposed by subsections (a) and (b) of this Section.

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

20 If, during any taxable year ending on or after December 31,
21 1986, the tax imposed by subsections (c) and (d) of this
22 Section for which a taxpayer has claimed a credit under this
23 subsection (i) is reduced, the amount of credit for such tax
24 shall also be reduced. Such reduction shall be determined by
25 recomputing the credit to take into account the reduced tax
26 imposed by subsections (c) and (d). If any portion of the

1 reduced amount of credit has been carried to a different
2 taxable year, an amended return shall be filed for such taxable
3 year to reduce the amount of credit claimed.

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

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

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

7 (k) Research and development credit.

8 For tax years ending after July 1, 1990 and prior to
9 December 31, 2003, and beginning again for tax years ending on
10 or after December 31, 2004, and ending prior to January 1,
11 2016, a taxpayer shall be allowed a credit against the tax
12 imposed by subsections (a) and (b) of this Section for
13 increasing research activities in this State. The credit
14 allowed against the tax imposed by subsections (a) and (b)
15 shall be equal to 6 1/2% of the qualifying expenditures for
16 increasing research activities in this State. For partners,
17 shareholders of subchapter S corporations, and owners of
18 limited liability companies, if the liability company is
19 treated as a partnership for purposes of federal and State
20 income taxation, there shall be allowed a credit under this
21 subsection to be determined in accordance with the
22 determination of income and distributive share of income under
23 Sections 702 and 704 and subchapter S of the Internal Revenue
24 Code.

25 For purposes of this subsection, "qualifying expenditures"
26 means the qualifying expenditures as defined for the federal

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

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

20 If an unused credit is carried forward to a given year from
21 2 or more earlier years, that credit arising in the earliest
22 year will be applied first against the tax liability for the
23 given year. If a tax liability for the given year still
24 remains, the credit from the next earliest year will then be
25 applied, and so on, until all credits have been used or no tax
26 liability for the given year remains. Any remaining unused

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

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

9 (1) Environmental Remediation Tax Credit.

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

1 release of regulated substances on, in, or under the site
2 that was identified and addressed by the remedial action
3 pursuant to the Site Remediation Program of the
4 Environmental Protection Act. After the Pollution Control
5 Board rules are adopted pursuant to the Illinois
6 Administrative Procedure Act for the administration and
7 enforcement of Section 58.9 of the Environmental
8 Protection Act, determinations as to credit availability
9 for purposes of this Section shall be made consistent with
10 those rules. For purposes of this Section, "taxpayer"
11 includes a person whose tax attributes the taxpayer has
12 succeeded to under Section 381 of the Internal Revenue Code
13 and "related party" includes the persons disallowed a
14 deduction for losses by paragraphs (b), (c), and (f) (1) of
15 Section 267 of the Internal Revenue Code by virtue of being
16 a related taxpayer, as well as any of its partners. The
17 credit allowed against the tax imposed by subsections (a)
18 and (b) shall be equal to 25% of the unreimbursed eligible
19 remediation costs in excess of \$100,000 per site, except
20 that the \$100,000 threshold shall not apply to any site
21 contained in an enterprise zone as determined by the
22 Department of Commerce and Community Affairs (now
23 Department of Commerce and Economic Opportunity). The
24 total credit allowed shall not exceed \$40,000 per year with
25 a maximum total of \$150,000 per site. For partners and
26 shareholders of subchapter S corporations, there shall be

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

5 (ii) A credit allowed under this subsection that is
6 unused in the year the credit is earned may be carried
7 forward to each of the 5 taxable years following the year
8 for which the credit is first earned until it is used. The
9 term "unused credit" does not include any amounts of
10 unreimbursed eligible remediation costs in excess of the
11 maximum credit per site authorized under paragraph (i).
12 This 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 (m) Education expense credit. Beginning with tax years
8 ending after December 31, 1999, a taxpayer who is the custodian
9 of one or more qualifying pupils shall be allowed a credit
10 against the tax imposed by subsections (a) and (b) of this
11 Section for qualified education expenses incurred on behalf of
12 the qualifying pupils. The credit shall be equal to 25% of
13 qualified education expenses, but in no event may the total
14 credit under this subsection claimed by a family that is the
15 custodian of qualifying pupils exceed \$500. In no event shall a
16 credit under this subsection reduce the taxpayer's liability
17 under this Act to less than zero. This subsection is exempt
18 from the provisions of Section 250 of this Act.

19 For purposes of this subsection:

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

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

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

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

15 (n) River Edge Redevelopment Zone site remediation tax
16 credit.

17 (i) For tax years ending on or after December 31, 2006,
18 a taxpayer shall be allowed a credit against the tax
19 imposed by subsections (a) and (b) of this Section for
20 certain amounts paid for unreimbursed eligible remediation
21 costs, as specified in this subsection. For purposes of
22 this Section, "unreimbursed eligible remediation costs"
23 means costs approved by the Illinois Environmental
24 Protection Agency ("Agency") under Section 58.14a of the
25 Environmental Protection Act that were paid in performing
26 environmental remediation at a site within a River Edge

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

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

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

26 (Source: P.A. 96-115, eff. 7-31-09; 96-116, eff. 7-31-09;

1 96-937, eff. 6-23-10; 96-1000, eff. 7-2-10; 96-1496, eff.
2 1-13-11; 97-2, eff. 5-6-11; 97-636, eff. 6-1-12.)

3 Section 95. No acceleration or delay. Where this Act makes
4 changes in a statute that is represented in this Act by text
5 that is not yet or no longer in effect (for example, a Section
6 represented by multiple versions), the use of that text does
7 not accelerate or delay the taking effect of (i) the changes
8 made by this Act or (ii) provisions derived from any other
9 Public Act.