



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB2887

by Rep. Jeanne M Ives

SYNOPSIS AS INTRODUCED:

35 ILCS 5/901 from Ch. 120, par. 9-901
30 ILCS 105/5.826 new
30 ILCS 105/6z-98 new

Amends the Illinois Income Tax Act. Provides that, beginning on August 1, 2013, the Department of Revenue shall certify each month to the State Comptroller and the State Treasurer an amount equal to the difference between (i) the net revenue realized from the tax imposed under the Act during the preceding month and (ii) the net revenue that would have been realized from the tax imposed under the Act during the preceding month if the tax had been imposed at the rates that were in effect for the taxable year beginning on January 1, 2010. Provides that the State Comptroller shall order transferred and the State Treasurer shall transfer from the General Revenue Fund to the State Fiscal Responsibility Fund the amount certified by the Department. Amends the State Finance Act to create the State Fiscal Responsibility Fund. Provides that moneys in the Fund shall be used to make payments to bona fide creditors of the State who: (1) have submitted a bill or invoice to the State that (A) was properly approved under rules adopted under the State Prompt Payment Act, and (B) is more than 90 days past due; or (2) are entitled to payment from State funds if the State is more than 90 days delinquent in the payment of those funds. Effective immediately.

LRB098 08035 HLH 38126 b

FISCAL NOTE ACT
MAY APPLY

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 901 as follows:

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

7 Sec. 901. Collection Authority.

8 (a) In general.

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

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

3 (b) Local Government Distributive Fund.

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

1 6% (10% of the ratio of the 3% individual income tax rate prior
2 to 2011 to the 5% individual income tax rate after 2010) of the
3 net revenue realized from the tax imposed by subsections (a)
4 and (b) of Section 201 of this Act upon individuals, trusts,
5 and estates during the preceding month and (ii) 6.86% (10% of
6 the ratio of the 4.8% corporate income tax rate prior to 2011
7 to the 7% corporate income tax rate after 2010) of the net
8 revenue realized from the tax imposed by subsections (a) and
9 (b) of Section 201 of this Act upon corporations during the
10 preceding month. Beginning February 1, 2015 and continuing
11 through January 31, 2025, the Treasurer shall transfer each
12 month from the General Revenue Fund to the Local Government
13 Distributive Fund an amount equal to the sum of (i) 8% (10% of
14 the ratio of the 3% individual income tax rate prior to 2011 to
15 the 3.75% individual income tax rate after 2014) of the net
16 revenue realized from the tax imposed by subsections (a) and
17 (b) of Section 201 of this Act upon individuals, trusts, and
18 estates during the preceding month and (ii) 9.14% (10% of the
19 ratio of the 4.8% corporate income tax rate prior to 2011 to
20 the 5.25% corporate income tax rate after 2014) of the net
21 revenue realized from the tax imposed by subsections (a) and
22 (b) of Section 201 of this Act upon corporations during the
23 preceding month. Beginning February 1, 2025, the Treasurer
24 shall transfer each month from the General Revenue Fund to the
25 Local Government Distributive Fund an amount equal to the sum
26 of (i) 9.23% (10% of the ratio of the 3% individual income tax

1 rate prior to 2011 to the 3.25% individual income tax rate
2 after 2024) of the net revenue realized from the tax imposed by
3 subsections (a) and (b) of Section 201 of this Act upon
4 individuals, trusts, and estates during the preceding month and
5 (ii) 10% of the net revenue realized from the tax imposed by
6 subsections (a) and (b) of Section 201 of this Act upon
7 corporations during the preceding month. Net revenue realized
8 for a month shall be defined as the revenue from the tax
9 imposed by subsections (a) and (b) of Section 201 of this Act
10 which is deposited in the General Revenue Fund, the Education
11 Assistance Fund, the Income Tax Surcharge Local Government
12 Distributive Fund, the Fund for the Advancement of Education,
13 and the Commitment to Human Services Fund during the month
14 minus the amount paid out of the General Revenue Fund in State
15 warrants during that same month as refunds to taxpayers for
16 overpayment of liability under the tax imposed by subsections
17 (a) and (b) of Section 201 of this Act.

18 (c) Deposits Into Income Tax Refund Fund.

19 (1) Beginning on January 1, 1989 and thereafter, the
20 Department shall deposit a percentage of the amounts
21 collected pursuant to subsections (a) and (b)(1), (2), and
22 (3), of Section 201 of this Act into a fund in the State
23 treasury known as the Income Tax Refund Fund. The
24 Department shall deposit 6% of such amounts during the
25 period beginning January 1, 1989 and ending on June 30,
26 1989. Beginning with State fiscal year 1990 and for each

1 fiscal year thereafter, the percentage deposited into the
2 Income Tax Refund Fund during a fiscal year shall be the
3 Annual Percentage. For fiscal years 1999 through 2001, the
4 Annual Percentage shall be 7.1%. For fiscal year 2003, the
5 Annual Percentage shall be 8%. For fiscal year 2004, the
6 Annual Percentage shall be 11.7%. Upon the effective date
7 of this amendatory Act of the 93rd General Assembly, the
8 Annual Percentage shall be 10% for fiscal year 2005. For
9 fiscal year 2006, the Annual Percentage shall be 9.75%. For
10 fiscal year 2007, the Annual Percentage shall be 9.75%. For
11 fiscal year 2008, the Annual Percentage shall be 7.75%. For
12 fiscal year 2009, the Annual Percentage shall be 9.75%. For
13 fiscal year 2010, the Annual Percentage shall be 9.75%. For
14 fiscal year 2011, the Annual Percentage shall be 8.75%. For
15 fiscal year 2012, the Annual Percentage shall be 8.75%. For
16 fiscal year 2013, the Annual Percentage shall be 9.75%. For
17 all other fiscal years, the Annual Percentage shall be
18 calculated as a fraction, the numerator of which shall be
19 the amount of refunds approved for payment by the
20 Department during the preceding fiscal year as a result of
21 overpayment of tax liability under subsections (a) and
22 (b) (1), (2), and (3) of Section 201 of this Act plus the
23 amount of such refunds remaining approved but unpaid at the
24 end of the preceding fiscal year, minus the amounts
25 transferred into the Income Tax Refund Fund from the
26 Tobacco Settlement Recovery Fund, and the denominator of

1 which shall be the amounts which will be collected pursuant
2 to subsections (a) and (b)(1), (2), and (3) of Section 201
3 of this Act during the preceding fiscal year; except that
4 in State fiscal year 2002, the Annual Percentage shall in
5 no event exceed 7.6%. The Director of Revenue shall certify
6 the Annual Percentage to the Comptroller on the last
7 business day of the fiscal year immediately preceding the
8 fiscal year for which it is to be effective.

9 (2) Beginning on January 1, 1989 and thereafter, the
10 Department shall deposit a percentage of the amounts
11 collected pursuant to subsections (a) and (b)(6), (7), and
12 (8), (c) and (d) of Section 201 of this Act into a fund in
13 the State treasury known as the Income Tax Refund Fund. The
14 Department shall deposit 18% of such amounts during the
15 period beginning January 1, 1989 and ending on June 30,
16 1989. Beginning with State fiscal year 1990 and for each
17 fiscal year thereafter, the percentage deposited into the
18 Income Tax Refund Fund during a fiscal year shall be the
19 Annual Percentage. For fiscal years 1999, 2000, and 2001,
20 the Annual Percentage shall be 19%. For fiscal year 2003,
21 the Annual Percentage shall be 27%. For fiscal year 2004,
22 the Annual Percentage shall be 32%. Upon the effective date
23 of this amendatory Act of the 93rd General Assembly, the
24 Annual Percentage shall be 24% for fiscal year 2005. For
25 fiscal year 2006, the Annual Percentage shall be 20%. For
26 fiscal year 2007, the Annual Percentage shall be 17.5%. For

1 fiscal year 2008, the Annual Percentage shall be 15.5%. For
2 fiscal year 2009, the Annual Percentage shall be 17.5%. For
3 fiscal year 2010, the Annual Percentage shall be 17.5%. For
4 fiscal year 2011, the Annual Percentage shall be 17.5%. For
5 fiscal year 2012, the Annual Percentage shall be 17.5%. For
6 fiscal year 2013, the Annual Percentage shall be 14%. For
7 all other fiscal years, the Annual Percentage shall be
8 calculated as a fraction, the numerator of which shall be
9 the amount of refunds approved for payment by the
10 Department during the preceding fiscal year as a result of
11 overpayment of tax liability under subsections (a) and
12 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
13 Act plus the amount of such refunds remaining approved but
14 unpaid at the end of the preceding fiscal year, and the
15 denominator of which shall be the amounts which will be
16 collected pursuant to subsections (a) and (b) (6), (7), and
17 (8), (c) and (d) of Section 201 of this Act during the
18 preceding fiscal year; except that in State fiscal year
19 2002, the Annual Percentage shall in no event exceed 23%.
20 The Director of Revenue shall certify the Annual Percentage
21 to the Comptroller on the last business day of the fiscal
22 year immediately preceding the fiscal year for which it is
23 to be effective.

24 (3) The Comptroller shall order transferred and the
25 Treasurer shall transfer from the Tobacco Settlement
26 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000

1 in January, 2001, (ii) \$35,000,000 in January, 2002, and
2 (iii) \$35,000,000 in January, 2003.

3 (d) Expenditures from Income Tax Refund Fund.

4 (1) Beginning January 1, 1989, money in the Income Tax
5 Refund Fund shall be expended exclusively for the purpose
6 of paying refunds resulting from overpayment of tax
7 liability under Section 201 of this Act, for paying rebates
8 under Section 208.1 in the event that the amounts in the
9 Homeowners' Tax Relief Fund are insufficient for that
10 purpose, and for making transfers pursuant to this
11 subsection (d).

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

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

1 during the fiscal year over the amount of refunds resulting
2 from overpayment of tax liability under subsections (c) and
3 (d) of Section 201 of this Act paid from the Income Tax
4 Refund Fund during the fiscal year.

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

17 (4.5) As soon as possible after the end of fiscal year
18 1999 and of each fiscal year thereafter, the Director shall
19 order transferred and the State Treasurer and State
20 Comptroller shall transfer from the Income Tax Refund Fund
21 to the General Revenue Fund any surplus remaining in the
22 Income Tax Refund Fund as of the end of such fiscal year;
23 excluding for fiscal years 2000, 2001, and 2002 amounts
24 attributable to transfers under item (3) of subsection (c)
25 less refunds resulting from the earned income tax credit.

26 (5) This Act shall constitute an irrevocable and

1 continuing appropriation from the Income Tax Refund Fund
2 for the purpose of paying refunds upon the order of the
3 Director in accordance with the provisions of this Section.

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

6 On July 1, 1991, and thereafter, of the amounts collected
7 pursuant to subsections (a) and (b) of Section 201 of this Act,
8 minus deposits into the Income Tax Refund Fund, the Department
9 shall deposit 7.3% into the Education Assistance Fund in the
10 State Treasury. Beginning July 1, 1991, and continuing through
11 January 31, 1993, of the amounts collected pursuant to
12 subsections (a) and (b) of Section 201 of the Illinois Income
13 Tax Act, minus deposits into the Income Tax Refund Fund, the
14 Department shall deposit 3.0% into the Income Tax Surcharge
15 Local Government Distributive Fund in the State Treasury.
16 Beginning February 1, 1993 and continuing through June 30,
17 1993, of the amounts collected pursuant to subsections (a) and
18 (b) of Section 201 of the Illinois Income Tax Act, minus
19 deposits into the Income Tax Refund Fund, the Department shall
20 deposit 4.4% into the Income Tax Surcharge Local Government
21 Distributive Fund in the State Treasury. Beginning July 1,
22 1993, and continuing through June 30, 1994, of the amounts
23 collected under subsections (a) and (b) of Section 201 of this
24 Act, minus deposits into the Income Tax Refund Fund, the
25 Department shall deposit 1.475% into the Income Tax Surcharge
26 Local Government Distributive Fund in the State Treasury.

1 (e-5) Transfers to the State Fiscal Responsibility Fund.
2 Beginning on August 1, 2013, the Department shall certify each
3 month to the State Comptroller and the State Treasurer an
4 amount equal to the difference between (i) the net revenue
5 realized from the tax imposed by subsections (a) and (b) of
6 Section 201 of this Act during the preceding month and (ii) the
7 net revenue that would have been realized from the tax imposed
8 by subsections (a) and (b) of Section 201 of this Act during
9 the preceding month if the tax had been imposed at the rates
10 that were in effect for the taxable year beginning on January
11 1, 2010. As soon as possible after receiving the certification,
12 the State Comptroller shall order transferred and the State
13 Treasurer shall transfer from the General Revenue Fund to the
14 State Fiscal Responsibility Fund the amount certified by the
15 Department.

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

23 (1) beginning February 1, 2015, and prior to February
24 1, 2025, 1/30; and

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

26 If the rate of tax imposed by subsection (a) and (b) of

1 Section 201 is reduced pursuant to Section 201.5 of this Act,
2 the Department shall not make the deposits required by this
3 subsection (f) on or after the effective date of the reduction.

4 (g) Deposits into the Commitment to Human Services Fund.
5 Beginning February 1, 2015, the Department shall deposit the
6 following portions of the revenue realized from the tax imposed
7 upon individuals, trusts, and estates by subsections (a) and
8 (b) of Section 201 of this Act during the preceding month,
9 minus deposits into the Income Tax Refund Fund, into the
10 Commitment to Human Services Fund:

11 (1) beginning February 1, 2015, and prior to February
12 1, 2025, 1/30; and

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

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

18 (Source: P.A. 96-45, eff. 7-15-09; 96-328, eff. 8-11-09;
19 96-959, eff. 7-1-10; 96-1496, eff. 1-13-11; 97-72, eff. 7-1-11;
20 97-732, eff. 6-30-12.)

21 Section 10. The State Finance Act is amended by adding
22 Sections 5.826 and 6z-98 as follows:

23 (30 ILCS 105/5.826 new)

24 Sec. 5.826. The State Fiscal Responsibility Fund.

1 (30 ILCS 105/6z-98 new)

2 Sec. 6z-98. State Fiscal Responsibility Fund; creation.
3 The State Fiscal Responsibility Fund is created as a special
4 fund in the State Treasury. Moneys in the Fund shall be used to
5 make payments to bona fide creditors of the State who: (1) have
6 submitted a bill or invoice to the State that (A) was properly
7 approved under rules adopted under Section 3-3 of the State
8 Prompt Payment Act, and (B) is more than 90 days past due; or
9 (2) are entitled to payment from State funds if the State is
10 more than 90 days delinquent in the payment of those funds. For
11 the purposes of this Section, the term "bona fide creditor"
12 includes, but is not limited to, healthcare providers, public
13 and private universities, school districts, units of local
14 government, and State vendors.

15 The State Fiscal Responsibility Fund is not subject to
16 administrative charges or chargebacks, including, but not
17 limited to, those authorized under Section 8h of the State
18 Finance Act.

19 Section 99. Effective date. This Act takes effect upon
20 becoming law.