HB3329

LRB098 09989 HLH 41596 b

98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB3329

by Rep. Wayne Rosenthal

SYNOPSIS AS INTRODUCED:

35 ILCS 5/224 new

Amends the Illinois Income Tax Act. Creates an agriculture credit in an amount equal to 1.5% (for taxable years beginning on or after January 1, 2014 and prior to January 1, 2016) or 2.25% (for taxable years beginning on or after January 1, 2016) of the taxpayer's eligible qualified production activities income for the taxable year.

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FISCAL NOTE ACT
MAY APPLY

A BILL FOR

AN ACT concerning revenue.

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

Section 5. The Illinois Income Tax Act is amended by adding Section 224 as follows:

(35 ILCS 5/224 new)

Sec. 224. Agriculture credit.

(a) Each taxpayer who owns or rents and uses real property for agricultural purposes is entitled to a credit against the tax imposed by subsections (a) and (b) of Section 201 as provided in this Section. For taxable years beginning on or after January 1, 2014 and prior to January 1, 2016, the credit shall be 1.5% of the taxpayer's eligible qualified production activities income for the taxable year. For taxable years beginning on or after January 1, 2016, the credit shall be 2.25% of the taxpayer's eligible qualified production activities income for the taxable year.

(b) As used in this Section:

"Direct costs" includes all of the taxpayer's ordinary and necessary expenses paid or incurred during the taxable year in carrying on the trade or business that are deductible under Section 162 of the Internal Revenue Code and identified as direct costs in the taxpayer's managerial or cost accounting records.

"Indirect costs" includes all of the taxpayer's ordinary and necessary expenses paid or incurred during the taxable year in carrying on the trade or business that are deductible under Section 162 of the Internal Revenue Code, other than the cost of goods sold and direct costs, and identified as indirect costs in the taxpayer's managerial or cost accounting records.

"Production gross receipts" means gross receipts from the lease, rental, license, sale, exchange, or other disposition of qualified production property.

"Production gross receipts factor" means a fraction, the numerator of which is production gross receipts and the denominator of which is the taxpayer's base income, as defined under Section 203 of this Act.

"Qualified production activities income" means the amount of the taxpayer's production gross receipts for the taxable year that exceeds the sum of the cost of goods sold that are allocable to such receipts, the direct costs that are allocable to such receipts, and the indirect costs multiplied by the production gross receipts factor. "Qualified production activities income" does not include any of the following:

(1) Income from film production.

(2) Income from producing, transmitting, or distributing electricity, natural gas, or potable water.

(3) Income from constructing real property.

(4) Income from engineering or architectural services

performed with respect to constructing real property.

(5) Income from the sale of food and beverages prepared by the taxpayer at a retail establishment.

(6) Income from the lease, rental, license, sale, exchange, or other disposition of land.

"Qualified production property" means tangible personal property produced, grown, or extracted in whole or in part by the taxpayer on or from agricultural property.

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