



Rep. Adam Brown

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1 AMENDMENT TO HOUSE BILL 4838

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 4838 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Enterprise Zone Act is amended by  
5 changing Section 5.5 as follows:

6 (20 ILCS 655/5.5) (from Ch. 67 1/2, par. 609.1)

7 Sec. 5.5. High Impact Business.

8 (a) In order to respond to unique opportunities to assist  
9 in the encouragement, development, growth and expansion of the  
10 private sector through large scale investment and development  
11 projects, the Department is authorized to receive and approve  
12 applications for the designation of "High Impact Businesses" in  
13 Illinois subject to the following conditions:

14 (1) such applications may be submitted at any time  
15 during the year;

16 (2) such business is not located, at the time of

1 designation, in an enterprise zone designated pursuant to  
2 this Act;

3 (3) the business intends to do one or more of the  
4 following:

5 (A) the business intends to make a minimum  
6 investment of \$12,000,000 which will be placed in  
7 service in qualified property and intends to create 500  
8 full-time equivalent jobs at a designated location in  
9 Illinois or intends to make a minimum investment of  
10 \$30,000,000 which will be placed in service in  
11 qualified property and intends to retain 1,500  
12 full-time retained jobs at a designated location in  
13 Illinois. The business must certify in writing that the  
14 investments would not be placed in service in qualified  
15 property and the job creation or job retention would  
16 not occur without the tax credits and exemptions set  
17 forth in subsection (b) of this Section. The terms  
18 "placed in service" and "qualified property" have the  
19 same meanings as described in subsection (h) of Section  
20 201 of the Illinois Income Tax Act; or

21 (B) the business intends to establish a new  
22 electric generating facility at a designated location  
23 in Illinois. "New electric generating facility", for  
24 purposes of this Section, means a newly-constructed  
25 electric generation plant or a newly-constructed  
26 generation capacity expansion at an existing electric

1 generation plant, including the transmission lines and  
2 associated equipment that transfers electricity from  
3 points of supply to points of delivery, and for which  
4 such new foundation construction commenced not sooner  
5 than July 1, 2001. Such facility shall be designed to  
6 provide baseload electric generation and shall operate  
7 on a continuous basis throughout the year; and (i)  
8 shall have an aggregate rated generating capacity of at  
9 least 1,000 megawatts for all new units at one site if  
10 it uses natural gas as its primary fuel and foundation  
11 construction of the facility is commenced on or before  
12 December 31, 2004, or shall have an aggregate rated  
13 generating capacity of at least 400 megawatts for all  
14 new units at one site if it uses coal or gases derived  
15 from coal as its primary fuel and shall support the  
16 creation of at least 150 new Illinois coal mining jobs,  
17 or (ii) shall be funded through a federal Department of  
18 Energy grant before December 31, 2010 and shall support  
19 the creation of Illinois coal-mining jobs, or (iii)  
20 shall use coal gasification or integrated  
21 gasification-combined cycle units that generate  
22 electricity or chemicals, or both, and shall support  
23 the creation of Illinois coal-mining jobs. The  
24 business must certify in writing that the investments  
25 necessary to establish a new electric generating  
26 facility would not be placed in service and the job

1 creation in the case of a coal-fueled plant would not  
2 occur without the tax credits and exemptions set forth  
3 in subsection (b-5) of this Section. The term "placed  
4 in service" has the same meaning as described in  
5 subsection (h) of Section 201 of the Illinois Income  
6 Tax Act; or

7 (B-5) the business intends to establish a new  
8 gasification facility at a designated location in  
9 Illinois. As used in this Section, "new gasification  
10 facility" means a newly constructed coal gasification  
11 facility that generates chemical feedstocks or  
12 transportation fuels derived from coal (which may  
13 include, but are not limited to, methane, methanol, and  
14 nitrogen fertilizer), that supports the creation or  
15 retention of Illinois coal-mining jobs, and that  
16 qualifies for financial assistance from the Department  
17 before December 31, 2010. A new gasification facility  
18 does not include a pilot project located within  
19 Jefferson County or within a county adjacent to  
20 Jefferson County for synthetic natural gas from coal;  
21 or

22 (C) the business intends to establish production  
23 operations at a new coal mine, re-establish production  
24 operations at a closed coal mine, or expand production  
25 at an existing coal mine at a designated location in  
26 Illinois not sooner than July 1, 2001; provided that

1 the production operations result in the creation of 150  
2 new Illinois coal mining jobs as described in  
3 subdivision (a)(3)(B) of this Section, and further  
4 provided that the coal extracted from such mine is  
5 utilized as the predominant source for a new electric  
6 generating facility. The business must certify in  
7 writing that the investments necessary to establish a  
8 new, expanded, or reopened coal mine would not be  
9 placed in service and the job creation would not occur  
10 without the tax credits and exemptions set forth in  
11 subsection (b-5) of this Section. The term "placed in  
12 service" has the same meaning as described in  
13 subsection (h) of Section 201 of the Illinois Income  
14 Tax Act; or

15 (D) the business intends to construct new  
16 transmission facilities or upgrade existing  
17 transmission facilities at designated locations in  
18 Illinois, for which construction commenced not sooner  
19 than July 1, 2001. For the purposes of this Section,  
20 "transmission facilities" means transmission lines  
21 with a voltage rating of 115 kilovolts or above,  
22 including associated equipment, that transfer  
23 electricity from points of supply to points of delivery  
24 and that transmit a majority of the electricity  
25 generated by a new electric generating facility  
26 designated as a High Impact Business in accordance with

1           this Section. The business must certify in writing that  
2           the investments necessary to construct new  
3           transmission facilities or upgrade existing  
4           transmission facilities would not be placed in service  
5           without the tax credits and exemptions set forth in  
6           subsection (b-5) of this Section. The term "placed in  
7           service" has the same meaning as described in  
8           subsection (h) of Section 201 of the Illinois Income  
9           Tax Act; or

10           (E) the business intends to establish a new wind  
11           power facility at a designated location in Illinois.  
12           For purposes of this Section, "new wind power facility"  
13           means a newly constructed electric generation  
14           facility, or a newly constructed expansion of an  
15           existing electric generation facility, placed in  
16           service on or after July 1, 2009, that generates  
17           electricity using wind energy devices, and such  
18           facility shall be deemed to include all associated  
19           transmission lines, substations, and other equipment  
20           related to the generation of electricity from wind  
21           energy devices. For purposes of this Section, "wind  
22           energy device" means any device, with a nameplate  
23           capacity of at least 0.5 megawatts, that is used in the  
24           process of converting kinetic energy from the wind to  
25           generate electricity; or

26           (F) the business commits to (i) make a minimum

1 investment of \$500,000,000, which will be placed in  
2 service in a qualified property, (ii) create 125  
3 full-time equivalent jobs at a designated location in  
4 Illinois, (iii) establish a fertilizer plant at a  
5 designated location in Illinois that complies with the  
6 set-back standards as described in Table 1: Initial  
7 Isolation and Protective Action Distances in the 2012  
8 Emergency Response Guidebook published by the United  
9 States Department of Transportation, (iv) pay a  
10 prevailing wage for employees at that location who are  
11 engaged in construction activities, and (v) secure an  
12 appropriate level of general liability insurance to  
13 protect against catastrophic failure of the fertilizer  
14 plant or any of its constituent systems; in addition,  
15 the business must agree to enter into a construction  
16 project labor agreement including provisions  
17 establishing wages, benefits, and other compensation  
18 for employees performing work under the project labor  
19 agreement at that location; for the purposes of this  
20 Section, "fertilizer plant" means a newly constructed  
21 or upgraded plant utilizing gas used in the production  
22 of anhydrous ammonia and downstream nitrogen  
23 fertilizer products for resale; for the purposes of  
24 this Section, the terms "placed in service" and  
25 "qualified property" have the same meanings as  
26 described in subsection (h) of Section 201 of the

1           Illinois Income Tax Act; for the purposes of this  
2           Section, "prevailing wage" means the hourly cash wages  
3           plus fringe benefits for training and apprenticeship  
4           programs approved by the U.S. Department of Labor,  
5           Bureau of Apprenticeship and Training, health and  
6           welfare, insurance, vacations and pensions paid  
7           generally, in the locality in which the work is being  
8           performed, to employees engaged in work of a similar  
9           character on public works; this paragraph (F) applies  
10          only to businesses that submit an application to the  
11          Department within 60 days after the effective date of  
12          this amendatory Act of the 98th General Assembly; and

13          (4) no later than 90 days after an application is  
14          submitted, the Department shall notify the applicant of the  
15          Department's determination of the qualification of the  
16          proposed High Impact Business under this Section.

17          (b) Businesses designated as High Impact Businesses  
18          pursuant to subdivision (a) (3) (A) or (a) (3) (F) of this Section  
19          shall qualify for the credits and exemptions described in the  
20          following Acts: Section 9-222 and Section 9-222.1A of the  
21          Public Utilities Act, subsection (h) of Section 201 of the  
22          Illinois Income Tax Act, and Section 1d of the Retailers'  
23          Occupation Tax Act; provided that these credits and exemptions  
24          described in these Acts shall not be authorized until the  
25          minimum investments set forth in subdivision (a) (3) (A) or  
26          (a) (3) (F) of this Section have been placed in service in



1 qualified properties and, in the case of the exemptions  
2 described in the Public Utilities Act and Section 1d of the  
3 Retailers' Occupation Tax Act, the minimum full-time  
4 equivalent jobs or full-time retained jobs set forth in  
5 subdivision (a)(3)(A) or (a)(3)(F) of this Section have been  
6 created or retained. Businesses designated as High Impact  
7 Businesses under this Section shall also qualify for the  
8 exemption described in Section 51 of the Retailers' Occupation  
9 Tax Act. The credit provided in subsection (h) of Section 201  
10 of the Illinois Income Tax Act shall be applicable to  
11 investments in qualified property as set forth in subdivision  
12 (a)(3)(A) or (a)(3)(F) of this Section.

13 (b-5) Businesses designated as High Impact Businesses  
14 pursuant to subdivisions (a)(3)(B), (a)(3)(B-5), (a)(3)(C),  
15 and (a)(3)(D) of this Section shall qualify for the credits and  
16 exemptions described in the following Acts: Section 51 of the  
17 Retailers' Occupation Tax Act, Section 9-222 and Section  
18 9-222.1A of the Public Utilities Act, and subsection (h) of  
19 Section 201 of the Illinois Income Tax Act; however, the  
20 credits and exemptions authorized under Section 9-222 and  
21 Section 9-222.1A of the Public Utilities Act, and subsection  
22 (h) of Section 201 of the Illinois Income Tax Act shall not be  
23 authorized until the new electric generating facility, the new  
24 gasification facility, the new transmission facility, or the  
25 new, expanded, or reopened coal mine is operational, except  
26 that a new electric generating facility whose primary fuel

1 source is natural gas is eligible only for the exemption under  
2 Section 51 of the Retailers' Occupation Tax Act.

3 (b-6) Businesses designated as High Impact Businesses  
4 pursuant to subdivision (a) (3) (E) of this Section shall qualify  
5 for the exemptions described in Section 51 of the Retailers'  
6 Occupation Tax Act; any business so designated as a High Impact  
7 Business being, for purposes of this Section, a "Wind Energy  
8 Business".

9 (c) High Impact Businesses located in federally designated  
10 foreign trade zones or sub-zones are also eligible for  
11 additional credits, exemptions and deductions as described in  
12 the following Acts: Section 9-221 and Section 9-222.1 of the  
13 Public Utilities Act; and subsection (g) of Section 201, and  
14 Section 203 of the Illinois Income Tax Act.

15 (d) Except for businesses contemplated under subdivision  
16 (a) (3) (E) of this Section, existing Illinois businesses which  
17 apply for designation as a High Impact Business must provide  
18 the Department with the prospective plan for which 1,500  
19 full-time retained jobs would be eliminated in the event that  
20 the business is not designated.

21 (e) Except for new wind power facilities contemplated under  
22 subdivision (a) (3) (E) of this Section, new proposed facilities  
23 which apply for designation as High Impact Business must  
24 provide the Department with proof of alternative non-Illinois  
25 sites which would receive the proposed investment and job  
26 creation in the event that the business is not designated as a

1 High Impact Business.

2 (f) Except for businesses contemplated under subdivision  
3 (a)(3)(E) of this Section, in the event that a business is  
4 designated a High Impact Business and it is later determined  
5 after reasonable notice and an opportunity for a hearing as  
6 provided under the Illinois Administrative Procedure Act, that  
7 the business would have placed in service in qualified property  
8 the investments and created or retained the requisite number of  
9 jobs without the benefits of the High Impact Business  
10 designation, the Department shall be required to immediately  
11 revoke the designation and notify the Director of the  
12 Department of Revenue who shall begin proceedings to recover  
13 all wrongfully exempted State taxes with interest. The business  
14 shall also be ineligible for all State funded Department  
15 programs for a period of 10 years.

16 (g) The Department shall revoke a High Impact Business  
17 designation if the participating business fails to comply with  
18 the terms and conditions of the designation. However, the  
19 penalties for new wind power facilities or Wind Energy  
20 Businesses for failure to comply with any of the terms or  
21 conditions of the Illinois Prevailing Wage Act shall be only  
22 those penalties identified in the Illinois Prevailing Wage Act,  
23 and the Department shall not revoke a High Impact Business  
24 designation as a result of the failure to comply with any of  
25 the terms or conditions of the Illinois Prevailing Wage Act in  
26 relation to a new wind power facility or a Wind Energy

1 Business.

2 (h) Prior to designating a business, the Department shall  
3 provide the members of the General Assembly and Commission on  
4 Government Forecasting and Accountability with a report  
5 setting forth the terms and conditions of the designation and  
6 guarantees that have been received by the Department in  
7 relation to the proposed business being designated.

8 (Source: P.A. 97-905, eff. 8-7-12; 98-109, eff. 7-25-13.)

9 Section 10. The Illinois Income Tax Act is amended by  
10 changing Section 201 as follows:

11 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

12 Sec. 201. Tax Imposed.

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

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

23 (1) In the case of an individual, trust or estate, for  
24 taxable years ending prior to July 1, 1989, an amount equal

1 to 2 1/2% of the taxpayer's net income for the taxable  
2 year.

3 (2) In the case of an individual, trust or estate, for  
4 taxable years beginning prior to July 1, 1989 and ending  
5 after June 30, 1989, an amount equal to the sum of (i) 2  
6 1/2% of the taxpayer's net income for the period prior to  
7 July 1, 1989, as calculated under Section 202.3, and (ii)  
8 3% of the taxpayer's net income for the period after June  
9 30, 1989, as calculated under Section 202.3.

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

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

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

25 (5.1) In the case of an individual, trust, or estate,  
26 for taxable years beginning prior to January 1, 2015, and

1 ending after December 31, 2014, an amount equal to the sum  
2 of (i) 5% of the taxpayer's net income for the period prior  
3 to January 1, 2015, as calculated under Section 202.5, and  
4 (ii) 3.75% of the taxpayer's net income for the period  
5 after December 31, 2014, as calculated under Section 202.5.

6 (5.2) In the case of an individual, trust, or estate,  
7 for taxable years beginning on or after January 1, 2015,  
8 and ending prior to January 1, 2025, an amount equal to  
9 3.75% of the taxpayer's net income for the taxable year.

10 (5.3) In the case of an individual, trust, or estate,  
11 for taxable years beginning prior to January 1, 2025, and  
12 ending after December 31, 2024, an amount equal to the sum  
13 of (i) 3.75% of the taxpayer's net income for the period  
14 prior to January 1, 2025, as calculated under Section  
15 202.5, and (ii) 3.25% of the taxpayer's net income for the  
16 period after December 31, 2024, as calculated under Section  
17 202.5.

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

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

25 (7) In the case of a corporation, for taxable years  
26 beginning prior to July 1, 1989 and ending after June 30,

1 1989, an amount equal to the sum of (i) 4% of the  
2 taxpayer's net income for the period prior to July 1, 1989,  
3 as calculated under Section 202.3, and (ii) 4.8% of the  
4 taxpayer's net income for the period after June 30, 1989,  
5 as calculated under Section 202.3.

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

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

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

21 (11) In the case of a corporation, for taxable years  
22 beginning prior to January 1, 2015, and ending after  
23 December 31, 2014, an amount equal to the sum of (i) 7% of  
24 the taxpayer's net income for the period prior to January  
25 1, 2015, as calculated under Section 202.5, and (ii) 5.25%  
26 of the taxpayer's net income for the period after December

1 31, 2014, as calculated under Section 202.5.

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

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

13 (14) In the case of a corporation, for taxable years  
14 beginning on or after January 1, 2025, an amount equal to  
15 4.8% of the taxpayer's net income for the taxable year.

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

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



1 tax imposed by subsections (a) and (b) of this Section and in  
2 addition to all other occupation or privilege taxes imposed by  
3 this State or by any municipal corporation or political  
4 subdivision thereof.

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

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

1 on or after December 31, 1999, the sum of the rates of tax  
2 imposed by subsections (b) and (d) shall be reduced (but not  
3 increased) to the rate at which the total amount of tax imposed  
4 under this Act, net of all credits allowed under this Act,  
5 shall equal (i) the total amount of tax that would be imposed  
6 on the foreign insurer's net income allocable to Illinois for  
7 the taxable year by such foreign insurer's state or country of  
8 domicile if that net income were subject to all income taxes  
9 and taxes measured by net income imposed by such foreign  
10 insurer's state or country of domicile, net of all credits  
11 allowed or (ii) a rate of zero if no such tax is imposed on such  
12 income by the foreign insurer's state of domicile. For the  
13 purposes of this subsection (d-1), an inter-affiliate includes  
14 a mutual insurer under common management.

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

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

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

1           2003, or 1.75% for taxable years ending on or after  
2           December 31, 2003, of the net taxable premiums written for  
3           the taxable year, as described by subsection (1) of Section  
4           409 of the Illinois Insurance Code. This paragraph will in  
5           no event increase the rates imposed under subsections (b)  
6           and (d).

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

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

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

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

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

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

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

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

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 (e);

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

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

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

25           (3) For purposes of this subsection (e),  
26 "manufacturing" means the material staging and production

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

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

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

26 (6) The term "placed in service" shall have the same

1 meaning as under Section 46 of the Internal Revenue Code.

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

18 (8) Unless the investment credit is extended by law,  
19 the basis of qualified property shall not include costs  
20 incurred after December 31, 2018, except for costs incurred  
21 pursuant to a binding contract entered into on or before  
22 December 31, 2018.

23 (9) Each taxable year ending before December 31, 2000,  
24 a partnership may elect to pass through to its partners the  
25 credits to which the partnership is entitled under this  
26 subsection (e) for the taxable year. A partner may use the



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

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

1           (f) Investment credit; Enterprise Zone; River Edge  
2 Redevelopment Zone.

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

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

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

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

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

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

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

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

26 (3) The basis of qualified property shall be the basis

1 used to compute the depreciation deduction for federal  
2 income tax purposes.

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

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

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

1 property to the extent of such reduction.

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

19 (g) (Blank).

20 (h) Investment credit; High Impact Business.

21 (1) Subject to subsections (b) and (b-5) of Section 5.5  
22 of the Illinois Enterprise Zone Act, a taxpayer shall be  
23 allowed a credit against the tax imposed by subsections (a)  
24 and (b) of this Section for investment in qualified  
25 property which is placed in service by a Department of  
26 Commerce and Economic Opportunity designated High Impact

1 Business. The credit shall be .5% of the basis for such  
2 property. The credit shall not be available (i) until the  
3 minimum investments in qualified property set forth in  
4 subdivision (a) (3) (A) or (a) (3) (F) of Section 5.5 of the  
5 Illinois Enterprise Zone Act have been satisfied or (ii)  
6 until the time authorized in subsection (b-5) of the  
7 Illinois Enterprise Zone Act for entities designated as  
8 High Impact Businesses under subdivisions (a) (3) (B),  
9 (a) (3) (C), and (a) (3) (D) of Section 5.5 of the Illinois  
10 Enterprise Zone Act, and shall not be allowed to the extent  
11 that it would reduce a taxpayer's liability for the tax  
12 imposed by subsections (a) and (b) of this Section to below  
13 zero. The credit applicable to such investments shall be  
14 taken in the taxable year in which such investments have  
15 been completed. The credit for additional investments  
16 beyond the minimum investment by a designated high impact  
17 business authorized under subdivision (a) (3) (A) or  
18 (a) (3) (F) of Section 5.5 of the Illinois Enterprise Zone  
19 Act shall be available only in the taxable year in which  
20 the property is placed in service and shall not be allowed  
21 to the extent that it would reduce a taxpayer's liability  
22 for the tax imposed by subsections (a) and (b) of this  
23 Section to below zero. For tax years ending on or after  
24 December 31, 1987, the credit shall be allowed for the tax  
25 year in which the property is placed in service, or, if the  
26 amount of the credit exceeds the tax liability for that

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

9 Changes made in this subdivision (h) (1) by Public Act  
10 88-670 restore changes made by Public Act 85-1182 and  
11 reflect existing law.

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

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

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

20 (C) is acquired by purchase as defined in Section  
21 179(d) of the Internal Revenue Code; and

22 (D) is not eligible for the Enterprise Zone  
23 Investment Credit provided by subsection (f) of this  
24 Section.

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

1 income tax purposes.

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

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

10 (6) If during any taxable year ending on or before  
11 December 31, 1996, any property ceases to be qualified  
12 property in the hands of the taxpayer within 48 months  
13 after being placed in service, or the situs of any  
14 qualified property is moved outside Illinois within 48  
15 months after being placed in service, the tax imposed under  
16 subsections (a) and (b) of this Section for such taxable  
17 year shall be increased. Such increase shall be determined  
18 by (i) recomputing the investment credit which would have  
19 been allowed for the year in which credit for such property  
20 was originally allowed by eliminating such property from  
21 such computation, and (ii) subtracting such recomputed  
22 credit from the amount of credit previously allowed. For  
23 the purposes of this paragraph (6), a reduction of the  
24 basis of qualified property resulting from a  
25 redetermination of the purchase price shall be deemed a  
26 disposition of qualified property to the extent of such



1 reduction.

2 (7) Beginning with tax years ending after December 31,  
3 1996, if a taxpayer qualifies for the credit under this  
4 subsection (h) and thereby is granted a tax abatement and  
5 the taxpayer relocates its entire facility in violation of  
6 the explicit terms and length of the contract under Section  
7 18-183 of the Property Tax Code, the tax imposed under  
8 subsections (a) and (b) of this Section shall be increased  
9 for the taxable year in which the taxpayer relocated its  
10 facility by an amount equal to the amount of credit  
11 received by the taxpayer under this subsection (h).

12 (i) Credit for Personal Property Tax Replacement Income  
13 Tax. For tax years ending prior to December 31, 2003, a credit  
14 shall be allowed against the tax imposed by subsections (a) and  
15 (b) of this Section for the tax imposed by subsections (c) and  
16 (d) of this Section. This credit shall be computed by  
17 multiplying the tax imposed by subsections (c) and (d) of this  
18 Section by a fraction, the numerator of which is base income  
19 allocable to Illinois and the denominator of which is Illinois  
20 base income, and further multiplying the product by the tax  
21 rate imposed by subsections (a) and (b) of this Section.

22 Any credit earned on or after December 31, 1986 under this  
23 subsection which is unused in the year the credit is computed  
24 because it exceeds the tax liability imposed by subsections (a)  
25 and (b) for that year (whether it exceeds the original  
26 liability or the liability as later amended) may be carried

1 forward and applied to the tax liability imposed by subsections  
2 (a) and (b) of the 5 taxable years following the excess credit  
3 year, provided that no credit may be carried forward to any  
4 year ending on or after December 31, 2003. This credit shall be  
5 applied first to the earliest year for which there is a  
6 liability. If there is a credit under this subsection from more  
7 than one tax year that is available to offset a liability the  
8 earliest credit arising under this subsection shall be applied  
9 first.

10 If, during any taxable year ending on or after December 31,  
11 1986, the tax imposed by subsections (c) and (d) of this  
12 Section for which a taxpayer has claimed a credit under this  
13 subsection (i) is reduced, the amount of credit for such tax  
14 shall also be reduced. Such reduction shall be determined by  
15 recomputing the credit to take into account the reduced tax  
16 imposed by subsections (c) and (d). If any portion of the  
17 reduced amount of credit has been carried to a different  
18 taxable year, an amended return shall be filed for such taxable  
19 year to reduce the amount of credit claimed.

20 (j) Training expense credit. Beginning with tax years  
21 ending on or after December 31, 1986 and prior to December 31,  
22 2003, a taxpayer shall be allowed a credit against the tax  
23 imposed by subsections (a) and (b) under this Section for all  
24 amounts paid or accrued, on behalf of all persons employed by  
25 the taxpayer in Illinois or Illinois residents employed outside  
26 of Illinois by a taxpayer, for educational or vocational

1 training in semi-technical or technical fields or semi-skilled  
2 or skilled fields, which were deducted from gross income in the  
3 computation of taxable income. The credit against the tax  
4 imposed by subsections (a) and (b) shall be 1.6% of such  
5 training expenses. For partners, shareholders of subchapter S  
6 corporations, and owners of limited liability companies, if the  
7 liability company is treated as a partnership for purposes of  
8 federal and State income taxation, there shall be allowed a  
9 credit under this subsection (j) to be determined in accordance  
10 with the determination of income and distributive share of  
11 income under Sections 702 and 704 and subchapter S of the  
12 Internal Revenue Code.

13 Any credit allowed under this subsection which is unused in  
14 the year the credit is earned may be carried forward to each of  
15 the 5 taxable years following the year for which the credit is  
16 first computed until it is used. This credit shall be applied  
17 first to the earliest year for which there is a liability. If  
18 there is a credit under this subsection from more than one tax  
19 year that is available to offset a liability the earliest  
20 credit arising under this subsection shall be applied first. No  
21 carryforward credit may be claimed in any tax year ending on or  
22 after December 31, 2003.

23 (k) Research and development credit. For tax years ending  
24 after July 1, 1990 and prior to December 31, 2003, and  
25 beginning again for tax years ending on or after December 31,  
26 2004, and ending prior to January 1, 2016, a taxpayer shall be

1 allowed a credit against the tax imposed by subsections (a) and  
2 (b) of this Section for increasing research activities in this  
3 State. The credit allowed against the tax imposed by  
4 subsections (a) and (b) shall be equal to 6 1/2% of the  
5 qualifying expenditures for increasing research activities in  
6 this State. For partners, shareholders of subchapter S  
7 corporations, and owners of limited liability companies, if the  
8 liability company is treated as a partnership for purposes of  
9 federal and State income taxation, there shall be allowed a  
10 credit under this subsection to be determined in accordance  
11 with the determination of income and distributive share of  
12 income under Sections 702 and 704 and subchapter S of the  
13 Internal Revenue Code.

14 For purposes of this subsection, "qualifying expenditures"  
15 means the qualifying expenditures as defined for the federal  
16 credit for increasing research activities which would be  
17 allowable under Section 41 of the Internal Revenue Code and  
18 which are conducted in this State, "qualifying expenditures for  
19 increasing research activities in this State" means the excess  
20 of qualifying expenditures for the taxable year in which  
21 incurred over qualifying expenditures for the base period,  
22 "qualifying expenditures for the base period" means the average  
23 of the qualifying expenditures for each year in the base  
24 period, and "base period" means the 3 taxable years immediately  
25 preceding the taxable year for which the determination is being  
26 made.

1 Any credit in excess of the tax liability for the taxable  
2 year may be carried forward. A taxpayer may elect to have the  
3 unused credit shown on its final completed return carried over  
4 as a credit against the tax liability for the following 5  
5 taxable years or until it has been fully used, whichever occurs  
6 first; provided that no credit earned in a tax year ending  
7 prior to December 31, 2003 may be carried forward to any year  
8 ending on or after December 31, 2003.

9 If an unused credit is carried forward to a given year from  
10 2 or more earlier years, that credit arising in the earliest  
11 year will be applied first against the tax liability for the  
12 given year. If a tax liability for the given year still  
13 remains, the credit from the next earliest year will then be  
14 applied, and so on, until all credits have been used or no tax  
15 liability for the given year remains. Any remaining unused  
16 credit or credits then will be carried forward to the next  
17 following year in which a tax liability is incurred, except  
18 that no credit can be carried forward to a year which is more  
19 than 5 years after the year in which the expense for which the  
20 credit is given was incurred.

21 No inference shall be drawn from this amendatory Act of the  
22 91st General Assembly in construing this Section for taxable  
23 years beginning before January 1, 1999.

24 (1) Environmental Remediation Tax Credit.

25 (i) For tax years ending after December 31, 1997 and on  
26 or before December 31, 2001, a taxpayer shall be allowed a

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

1 succeeded to under Section 381 of the Internal Revenue Code  
2 and "related party" includes the persons disallowed a  
3 deduction for losses by paragraphs (b), (c), and (f)(1) of  
4 Section 267 of the Internal Revenue Code by virtue of being  
5 a related taxpayer, as well as any of its partners. The  
6 credit allowed against the tax imposed by subsections (a)  
7 and (b) shall be equal to 25% of the unreimbursed eligible  
8 remediation costs in excess of \$100,000 per site, except  
9 that the \$100,000 threshold shall not apply to any site  
10 contained in an enterprise zone as determined by the  
11 Department of Commerce and Community Affairs (now  
12 Department of Commerce and Economic Opportunity). The  
13 total credit allowed shall not exceed \$40,000 per year with  
14 a maximum total of \$150,000 per site. For partners and  
15 shareholders of subchapter S corporations, there shall be  
16 allowed a credit under this subsection to be determined in  
17 accordance with the determination of income and  
18 distributive share of income under Sections 702 and 704 and  
19 subchapter S of the Internal Revenue Code.

20 (ii) A credit allowed under this subsection that is  
21 unused in the year the credit is earned may be carried  
22 forward to each of the 5 taxable years following the year  
23 for which the credit is first earned until it is used. The  
24 term "unused credit" does not include any amounts of  
25 unreimbursed eligible remediation costs in excess of the  
26 maximum credit per site authorized under paragraph (i).

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

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

22 (m) Education expense credit. Beginning with tax years  
23 ending after December 31, 1999, a taxpayer who is the custodian  
24 of one or more qualifying pupils shall be allowed a credit  
25 against the tax imposed by subsections (a) and (b) of this  
26 Section for qualified education expenses incurred on behalf of



1 the qualifying pupils. The credit shall be equal to 25% of  
2 qualified education expenses, but in no event may the total  
3 credit under this subsection claimed by a family that is the  
4 custodian of qualifying pupils exceed \$500. In no event shall a  
5 credit under this subsection reduce the taxpayer's liability  
6 under this Act to less than zero. This subsection is exempt  
7 from the provisions of Section 250 of this Act.

8 For purposes of this subsection:

9 "Qualifying pupils" means individuals who (i) are  
10 residents of the State of Illinois, (ii) are under the age of  
11 21 at the close of the school year for which a credit is  
12 sought, and (iii) during the school year for which a credit is  
13 sought were full-time pupils enrolled in a kindergarten through  
14 twelfth grade education program at any school, as defined in  
15 this subsection.

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

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

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

4 (n) River Edge Redevelopment Zone site remediation tax  
5 credit.

6 (i) For tax years ending on or after December 31, 2006,  
7 a taxpayer shall be allowed a credit against the tax  
8 imposed by subsections (a) and (b) of this Section for  
9 certain amounts paid for unreimbursed eligible remediation  
10 costs, as specified in this subsection. For purposes of  
11 this Section, "unreimbursed eligible remediation costs"  
12 means costs approved by the Illinois Environmental  
13 Protection Agency ("Agency") under Section 58.14a of the  
14 Environmental Protection Act that were paid in performing  
15 environmental remediation at a site within a River Edge  
16 Redevelopment Zone for which a No Further Remediation  
17 Letter was issued by the Agency and recorded under Section  
18 58.10 of the Environmental Protection Act. The credit must  
19 be claimed for the taxable year in which Agency approval of  
20 the eligible remediation costs is granted. The credit is  
21 not available to any taxpayer if the taxpayer or any  
22 related party caused or contributed to, in any material  
23 respect, a release of regulated substances on, in, or under  
24 the site that was identified and addressed by the remedial  
25 action pursuant to the Site Remediation Program of the  
26 Environmental Protection Act. Determinations as to credit

1 availability for purposes of this Section shall be made  
2 consistent with rules adopted by the Pollution Control  
3 Board pursuant to the Illinois Administrative Procedure  
4 Act for the administration and enforcement of Section 58.9  
5 of the Environmental Protection Act. For purposes of this  
6 Section, "taxpayer" includes a person whose tax attributes  
7 the taxpayer has succeeded to under Section 381 of the  
8 Internal Revenue Code and "related party" includes the  
9 persons disallowed a deduction for losses by paragraphs  
10 (b), (c), and (f) (1) of Section 267 of the Internal Revenue  
11 Code by virtue of being a related taxpayer, as well as any  
12 of its partners. The credit allowed against the tax imposed  
13 by subsections (a) and (b) shall be equal to 25% of the  
14 unreimbursed eligible remediation costs in excess of  
15 \$100,000 per site.

16 (ii) A credit allowed under this subsection that is  
17 unused in the year the credit is earned may be carried  
18 forward to each of the 5 taxable years following the year  
19 for which the credit is first earned until it is used. This  
20 credit shall be applied first to the earliest year for  
21 which there is a liability. If there is a credit under this  
22 subsection from more than one tax year that is available to  
23 offset a liability, the earliest credit arising under this  
24 subsection shall be applied first. A credit allowed under  
25 this subsection may be sold to a buyer as part of a sale of  
26 all or part of the remediation site for which the credit

1 was granted. The purchaser of a remediation site and the  
2 tax credit shall succeed to the unused credit and remaining  
3 carry-forward period of the seller. To perfect the  
4 transfer, the assignor shall record the transfer in the  
5 chain of title for the site and provide written notice to  
6 the Director of the Illinois Department of Revenue of the  
7 assignor's intent to sell the remediation site and the  
8 amount of the tax credit to be transferred as a portion of  
9 the sale. In no event may a credit be transferred to any  
10 taxpayer if the taxpayer or a related party would not be  
11 eligible under the provisions of subsection (i).

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

15 (o) For each of taxable years during the Compassionate Use  
16 of Medical Cannabis Pilot Program, a surcharge is imposed on  
17 all taxpayers on income arising from the sale or exchange of  
18 capital assets, depreciable business property, real property  
19 used in the trade or business, and Section 197 intangibles of  
20 an organization registrant under the Compassionate Use of  
21 Medical Cannabis Pilot Program Act. The amount of the surcharge  
22 is equal to the amount of federal income tax liability for the  
23 taxable year attributable to those sales and exchanges. The  
24 surcharge imposed does not apply if:

25 (1) the medical cannabis cultivation center  
26 registration, medical cannabis dispensary registration, or

1 the property of a registration is transferred as a result  
2 of any of the following:

3 (A) bankruptcy, a receivership, or a debt  
4 adjustment initiated by or against the initial  
5 registration or the substantial owners of the initial  
6 registration;

7 (B) cancellation, revocation, or termination of  
8 any registration by the Illinois Department of Public  
9 Health;

10 (C) a determination by the Illinois Department of  
11 Public Health that transfer of the registration is in  
12 the best interests of Illinois qualifying patients as  
13 defined by the Compassionate Use of Medical Cannabis  
14 Pilot Program Act;

15 (D) the death of an owner of the equity interest in  
16 a registrant;

17 (E) the acquisition of a controlling interest in  
18 the stock or substantially all of the assets of a  
19 publicly traded company;

20 (F) a transfer by a parent company to a wholly  
21 owned subsidiary; or

22 (G) the transfer or sale to or by one person to  
23 another person where both persons were initial owners  
24 of the registration when the registration was issued;  
25 or

26 (2) the cannabis cultivation center registration,

1 medical cannabis dispensary registration, or the  
2 controlling interest in a registrant's property is  
3 transferred in a transaction to lineal descendants in which  
4 no gain or loss is recognized or as a result of a  
5 transaction in accordance with Section 351 of the Internal  
6 Revenue Code in which no gain or loss is recognized.

7 (Source: P.A. 97-2, eff. 5-6-11; 97-636, eff. 6-1-12; 97-905,  
8 eff. 8-7-12; 98-109, eff. 7-25-13; 98-122, eff. 1-1-14; revised  
9 8-9-13.)

10 Section 15. The Gas Revenue Tax Act is amended by changing  
11 Section 1 as follows:

12 (35 ILCS 615/1) (from Ch. 120, par. 467.16)

13 Sec. 1. For the purposes of this Act: "Gross receipts"  
14 means the consideration received for gas distributed,  
15 supplied, furnished or sold to persons for use or consumption  
16 and not for resale, and for all services (including the  
17 transportation or storage of gas for an end-user) rendered in  
18 connection therewith, and shall include cash, services and  
19 property of every kind or nature, and shall be determined  
20 without any deduction on account of the cost of the service,  
21 product or commodity supplied, the cost of materials used,  
22 labor or service costs, or any other expense whatsoever.  
23 However, "gross receipts" shall not include receipts from:

24 (i) any minimum or other charge for gas or gas service

1 where the customer has taken no terms of gas;

2 (ii) any charge for a dishonored check;

3 (iii) any finance or credit charge, penalty or charge  
4 for delayed payment, or discount for prompt payment;

5 (iv) any charge for reconnection of service or for  
6 replacement or relocation of facilities;

7 (v) any advance or contribution in aid of construction;

8 (vi) repair, inspection or servicing of equipment  
9 located on customer premises;

10 (vii) leasing or rental of equipment, the leasing or  
11 rental of which is not necessary to distributing,  
12 furnishing, supplying, selling, transporting or storing  
13 gas;

14 (viii) any sale to a customer if the taxpayer is  
15 prohibited by federal or State constitution, treaty,  
16 convention, statute or court decision from recovering the  
17 related tax liability from such customer;

18 (ix) any charges added to customers' bills pursuant to  
19 the provisions of Section 9-221 or Section 9-222 of the  
20 Public Utilities Act, as amended, or any charges added to  
21 customers' bills by taxpayers who are not subject to rate  
22 regulation by the Illinois Commerce Commission for the  
23 purpose of recovering any of the tax liabilities or other  
24 amounts specified in such provisions of such Act; and

25 (x) prior to October 1, 2003, any charge for gas or gas  
26 services to a customer who acquired contractual rights for

1 the direct purchase of gas or gas services originating from  
2 an out-of-state supplier or source on or before March 1,  
3 1995, except for those charges solely related to the local  
4 distribution of gas by a public utility. This exemption  
5 includes any charge for gas or gas service, except for  
6 those charges solely related to the local distribution of  
7 gas by a public utility, to a customer who maintained an  
8 account with a public utility (as defined in Section 3-105  
9 of the Public Utilities Act) for the transportation of  
10 customer-owned gas on or before March 1, 1995. The  
11 provisions of this amendatory Act of 1997 are intended to  
12 clarify, rather than change, existing law as to the meaning  
13 and scope of this exemption. This exemption (x) expires on  
14 September 30, 2003.

15 In case credit is extended, the amount thereof shall be  
16 included only as and when payments are received.

17 "Gross receipts" shall not include consideration received  
18 from business enterprises certified under Section 9-222.1 of  
19 the Public Utilities Act, as amended, or designated as a High  
20 Impact Business under subdivision (a)(3)(F) of Section 5.5 of  
21 the Illinois Enterprise Zone Act to the extent of such  
22 exemption and during the period of time specified by the  
23 Department of Commerce and Economic Opportunity.

24 "Department" means the Department of Revenue of the State  
25 of Illinois.

26 "Director" means the Director of Revenue for the Department



1 of Revenue of the State of Illinois.

2 "Taxpayer" means a person engaged in the business of  
3 distributing, supplying, furnishing or selling gas for use or  
4 consumption and not for resale.

5 "Person" means any natural individual, firm, trust,  
6 estate, partnership, association, joint stock company, joint  
7 adventure, corporation, limited liability company, or a  
8 receiver, trustee, guardian or other representative appointed  
9 by order of any court, or any city, town, county or other  
10 political subdivision of this State.

11 "Invested capital" means that amount equal to (i) the  
12 average of the balances at the beginning and end of each  
13 taxable period of the taxpayer's total stockholder's equity and  
14 total long-term debt, less investments in and advances to all  
15 corporations, as set forth on the balance sheets included in  
16 the taxpayer's annual report to the Illinois Commerce  
17 Commission for the taxable period; (ii) multiplied by a  
18 fraction determined under Sections 301 and 304(a) of the  
19 "Illinois Income Tax Act" and reported on the Illinois income  
20 tax return for the taxable period ending in or with the taxable  
21 period in question. However, notwithstanding the income tax  
22 return reporting requirement stated above, beginning July 1,  
23 1979, no taxpayer's denominators used to compute the sales,  
24 property or payroll factors under subsection (a) of Section 304  
25 of the Illinois Income Tax Act shall include payroll, property  
26 or sales of any corporate entity other than the taxpayer for

1 the purposes of determining an allocation for the invested  
2 capital tax. This amendatory Act of 1982, Public Act 82-1024,  
3 is not intended to and does not make any change in the meaning  
4 of any provision of this Act, it having been the intent of the  
5 General Assembly in initially enacting the definition of  
6 "invested capital" to provide for apportionment of the invested  
7 capital of each company, based solely upon the sales, property  
8 and payroll of that company.

9 "Taxable period" means each period which ends after the  
10 effective date of this Act and which is covered by an annual  
11 report filed by the taxpayer with the Illinois Commerce  
12 Commission.

13 (Source: P.A. 93-31, eff. 10-1-03; 94-793, eff. 5-19-06.)

14 Section 99. Effective date. This Act takes effect upon  
15 becoming law."