



Sen. Don Harmon

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1 AMENDMENT TO SENATE BILL 350

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 350 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The State Revenue Sharing Act is amended by  
5 changing Section 1 as follows:

6 (30 ILCS 115/1) (from Ch. 85, par. 611)

7 Sec. 1. Local Government Distributive Fund.

8 (a) Through June 30, 1994, as soon as may be after the  
9 first day of each month the Department of Revenue shall certify  
10 to the Treasurer an amount equal to 1/12 of the net revenue  
11 realized from the tax imposed by subsections (a) and (b) of  
12 Section 201 of the Illinois Income Tax Act during the preceding  
13 month.

14 Beginning July 1, 1994, and continuing through June 30,  
15 1995, as soon as may be after the first day of each month, the  
16 Department of Revenue shall certify to the Treasurer an amount

1 equal to 1/11 of the net revenue realized from the tax imposed  
2 by subsections (a) and (b) of Section 201 of the Illinois  
3 Income Tax Act during the preceding month.

4 Beginning July 1, 1995 and continuing through January 31,  
5 2011, as soon as may be after the first day of each month, the  
6 Department of Revenue shall certify to the Treasurer an amount  
7 equal to 1/10 of the net revenue realized from the tax imposed  
8 by subsections (a) and (b) of Section 201 of the Illinois  
9 Income Tax Act during the preceding month.

10 For the purpose of this subsection (a), net ~~Net~~ revenue  
11 realized for a month shall be defined as the revenue from the  
12 tax imposed by subsections (a) and (b) of Section 201 of the  
13 Illinois Income Tax Act which is deposited in the General  
14 Revenue Fund, the Education Assistance Fund and the Income Tax  
15 Surcharge Local Government Distributive Fund during the month  
16 minus the amount paid out of the General Revenue Fund in State  
17 warrants during that same month as refunds to taxpayers for  
18 overpayment of liability under the tax imposed by subsections  
19 (a) and (b) of Section 201 of the Illinois Income Tax Act.

20 Upon receipt of a ~~such~~ certification under this subsection  
21 (a), the Treasurer shall transfer from the General Revenue Fund  
22 to a special fund in the State treasury, to be known as the  
23 "Local Government Distributive Fund", the amount shown on such  
24 certification.

25 (b) Beginning February 1, 2011, for all payments collected  
26 on or after December 31, 2010, the Treasurer shall transfer

1 from the General Revenue Fund into the Local Government  
2 Distributive Fund the amounts required to be transferred under  
3 subsection (b) of Section 901 of the Illinois Income Tax Act.

4 (c) All amounts paid into the Local Government Distributive  
5 Fund in accordance with this Section and allocated pursuant to  
6 this Act are appropriated on a continuing basis.

7 (Source: P.A. 88-89.)

8 Section 10. If and only if Senate Joint Resolution  
9 Constitutional Amendment 40 of the 98th General Assembly is  
10 adopted in accordance with Section 7 of the Illinois  
11 Constitutional Amendment Act, the Illinois Income Tax Act is  
12 amended by changing Sections 201, 502, and 901 as follows:

13 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

14 Sec. 201. Tax Imposed.

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

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

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

5           (2) In the case of an individual, trust or estate, for  
6 taxable years beginning prior to July 1, 1989 and ending  
7 after June 30, 1989, an amount equal to the sum of (i) 2  
8 1/2% of the taxpayer's net income for the period prior to  
9 July 1, 1989, as calculated under Section 202.3, and (ii)  
10 3% of the taxpayer's net income for the period after June  
11 30, 1989, as calculated under Section 202.3.

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

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

23           (5) In the case of an individual, trust, or estate, for  
24 taxable years beginning on or after January 1, 2011, and  
25 ending prior to December 31, 2015 ~~January 1, 2015~~, an  
26 amount equal to 5% of the taxpayer's net income for the

1 taxable year.

2 (5.1) Graduated rates.

3 (A) In the case of an individual, spouses filing a  
4 joint return, a trust, or an estate, for taxable years  
5 ending on or after December 31, 2015, the tax imposed  
6 by subsection (a) of this Section shall be computed at  
7 the following rates:

8 (i) on that portion of the taxpayer's net  
9 income that does not exceed \$12,500, 2.9%; plus

10 (ii) on that portion of the taxpayer's net  
11 income exceeding \$12,500, but not exceeding  
12 \$180,000, 4.9%; plus

13 (iii) on that portion of the taxpayer's net  
14 income exceeding \$180,000, 6.9%.

15 (B) In the case of a nonresident or part-year  
16 resident, the tax liability shall be determined by  
17 applying the rates in this paragraph (5.1) to the net  
18 income of the taxpayer computed as if the taxpayer were  
19 a resident for the entire taxable year, and multiplying  
20 the result by a fraction equal to the taxpayer's net  
21 income (before the allowance of the net loss deduction  
22 under Section 207 of this Act in the case of a trust or  
23 estate) divided by the net income (before the allowance  
24 of the net loss deduction under Section 207 of this Act  
25 in the case of a trust or estate) computed as if the  
26 taxpayer were a resident for the entire taxable year,

1           provided that the fraction may not exceed 100%.

2           ~~In the case of an individual, trust, or estate, for~~  
3 ~~taxable years beginning prior to January 1, 2015, and~~  
4 ~~ending after December 31, 2014, an amount equal to the sum~~  
5 ~~of (i) 5% of the taxpayer's net income for the period prior~~  
6 ~~to January 1, 2015, as calculated under Section 202.5, and~~  
7 ~~(ii) 3.75% of the taxpayer's net income for the period~~  
8 ~~after December 31, 2014, as calculated under Section 202.5.~~

9           (5.2) (Blank). ~~In the case of an individual, trust, or~~  
10 ~~estate, for taxable years beginning on or after January 1,~~  
11 ~~2015, and ending prior to January 1, 2025, an amount equal~~  
12 ~~to 3.75% of the taxpayer's net income for the taxable year.~~

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

21           (5.4) (Blank). ~~In the case of an individual, trust, or~~  
22 ~~estate, for taxable years beginning on or after January 1,~~  
23 ~~2025, an amount equal to 3.25% of the taxpayer's net income~~  
24 ~~for the taxable year.~~

25           (6) In the case of a corporation, for taxable years  
26 ending prior to July 1, 1989, an amount equal to 4% of the

1 taxpayer's net income for the taxable year.

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

9 (8) In the case of a corporation, for taxable years  
10 beginning after June 30, 1989, and ending prior to January  
11 1, 2011, an amount equal to 4.8% of the taxpayer's net  
12 income for the taxable year.

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

20 (10) In the case of a corporation, for taxable years  
21 beginning on or after January 1, 2011, and ending prior to  
22 December 31, 2015 ~~January 1, 2015~~, an amount equal to 7% of  
23 the taxpayer's net income for the taxable year.

24 (11) In the case of a corporation, for taxable years  
25 ending on or after December 31, 2015, the tax imposed by  
26 subsection (a) of this Section shall be computed at the

1       following rates:

2               (i) on that portion of the corporation's net income  
3               that does not exceed \$12,500, 2.9%; plus

4               (ii) on that portion of the corporation's net  
5               income exceeding \$12,500, but not exceeding \$180,000,  
6               4.9%; plus

7               (iii) on that portion of the corporation's net  
8               income exceeding \$180,000, 6.9%.

9       The corporation's tax liability shall be determined by  
10       applying the table in this paragraph (11) to the net income  
11       of the corporation computed as if it were a resident, and  
12       multiplying the result by a fraction equal to the  
13       corporation's net income (before the allowance of the net  
14       loss deduction under Section 207 of this Act) divided by  
15       the net income (before the allowance of the net loss  
16       deduction under Section 207 of this Act) computed as if it  
17       were a resident, provided that the fraction may not exceed  
18       100%.

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

26       (12) (Blank). ~~In the case of a corporation, for taxable~~



1 ~~years beginning on or after January 1, 2015, and ending~~  
2 ~~prior to January 1, 2025, an amount equal to 5.25% of the~~  
3 ~~taxpayer's net income for the taxable year.~~

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

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

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

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

1 addition to all other occupation or privilege taxes imposed by  
2 this State or by any municipal corporation or political  
3 subdivision thereof.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (A) is tangible, whether new or used, including

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

26      (f) Investment credit; Enterprise Zone; River Edge

1 Redevelopment Zone.

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

1           whether it exceeds the original liability or the liability  
2           as later amended, such excess may be carried forward and  
3           applied to the tax liability of the 5 taxable years  
4           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           (2) The term qualified property means property which:

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

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

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

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

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

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

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

18       (g) (Blank).

19       (h) Investment credit; High Impact Business.

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

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

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

7           Changes made in this subdivision (h) (1) by Public Act  
8           88-670 restore changes made by Public Act 85-1182 and  
9           reflect existing law.

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                   (h);

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

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

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

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



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

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

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

26 (7) Beginning with tax years ending after December 31,

1 1996, if a taxpayer qualifies for the credit under this  
2 subsection (h) and thereby is granted a tax abatement and  
3 the taxpayer relocates its entire facility in violation of  
4 the explicit terms and length of the contract under Section  
5 18-183 of the Property Tax Code, the tax imposed under  
6 subsections (a) and (b) of this Section shall be increased  
7 for the taxable year in which the taxpayer relocated its  
8 facility by an amount equal to the amount of credit  
9 received by the taxpayer under this subsection (h).

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

20 Any credit earned on or after December 31, 1986 under this  
21 subsection which is unused in the year the credit is computed  
22 because it exceeds the tax liability imposed by subsections (a)  
23 and (b) for that year (whether it exceeds the original  
24 liability or the liability as later amended) may be carried  
25 forward and applied to the tax liability imposed by subsections  
26 (a) and (b) of the 5 taxable years following the excess credit

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

8 If, during any taxable year ending on or after December 31,  
9 1986, the tax imposed by subsections (c) and (d) of this  
10 Section for which a taxpayer has claimed a credit under this  
11 subsection (i) is reduced, the amount of credit for such tax  
12 shall also be reduced. Such reduction shall be determined by  
13 recomputing the credit to take into account the reduced tax  
14 imposed by subsections (c) and (d). If any portion of the  
15 reduced amount of credit has been carried to a different  
16 taxable year, an amended return shall be filed for such taxable  
17 year to reduce the amount of credit claimed.

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

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

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

21 (k) Research and development credit. For tax years ending  
22 after July 1, 1990 and prior to December 31, 2003, and  
23 beginning again for tax years ending on or after December 31,  
24 2004, and ending prior to January 1, 2016, a taxpayer shall be  
25 allowed a credit against the tax imposed by subsections (a) and  
26 (b) of this Section for increasing research activities in this

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

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

25 Any credit in excess of the tax liability for the taxable  
26 year may be carried forward. A taxpayer may elect to have the

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

7 If an unused credit is carried forward to a given year from  
8 2 or more earlier years, that credit arising in the earliest  
9 year will be applied first against the tax liability for the  
10 given year. If a tax liability for the given year still  
11 remains, the credit from the next earliest year will then be  
12 applied, and so on, until all credits have been used or no tax  
13 liability for the given year remains. Any remaining unused  
14 credit or credits then will be carried forward to the next  
15 following year in which a tax liability is incurred, except  
16 that no credit can be carried forward to a year which is more  
17 than 5 years after the year in which the expense for which the  
18 credit is given was incurred.

19 No inference shall be drawn from this amendatory Act of the  
20 91st General Assembly in construing this Section for taxable  
21 years beginning before January 1, 1999.

22 (1) Environmental Remediation Tax Credit.

23 (i) For tax years ending after December 31, 1997 and on  
24 or before December 31, 2001, a taxpayer shall be allowed a  
25 credit against the tax imposed by subsections (a) and (b)  
26 of this Section for certain amounts paid for unreimbursed

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

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

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



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

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

20 (m) Education expense credit. Beginning with tax years  
21 ending after December 31, 1999, a taxpayer who is the custodian  
22 of one or more qualifying pupils shall be allowed a credit  
23 against the tax imposed by subsections (a) and (b) of this  
24 Section for qualified education expenses incurred on behalf of  
25 the qualifying pupils. The credit shall be equal to 25% of  
26 qualified education expenses, but in no event may the total

1 credit under this subsection claimed by a family that is the  
2 custodian of qualifying pupils exceed \$500. In no event shall a  
3 credit under this subsection reduce the taxpayer's liability  
4 under this Act to less than zero. This subsection is exempt  
5 from the provisions of Section 250 of this Act.

6 For purposes of this subsection:

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

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

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

25 "Custodian" means, with respect to qualifying pupils, an  
26 Illinois resident who is a parent, the parents, a legal

1 guardian, or the legal guardians of the qualifying pupils.

2 (n) River Edge Redevelopment Zone site remediation tax  
3 credit.

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

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

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

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

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

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

23 (1) the medical cannabis cultivation center  
24 registration, medical cannabis dispensary registration, or  
25 the property of a registration is transferred as a result  
26 of any of the following:

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

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

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

13           (D) the death of an owner of the equity interest in  
14 a registrant;

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

18           (F) a transfer by a parent company to a wholly  
19 owned subsidiary; or

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

24           (2) the cannabis cultivation center registration,  
25 medical cannabis dispensary registration, or the  
26 controlling interest in a registrant's property is

1 transferred in a transaction to lineal descendants in which  
2 no gain or loss is recognized or as a result of a  
3 transaction in accordance with Section 351 of the Internal  
4 Revenue Code in which no gain or loss is recognized.

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

8 (35 ILCS 5/502) (from Ch. 120, par. 5-502)

9 Sec. 502. Returns and notices.

10 (a) In general. A return with respect to the taxes imposed  
11 by this Act shall be made by every person for any taxable year:

12 (1) for which such person is liable for a tax imposed  
13 by this Act, or

14 (2) in the case of a resident or in the case of a  
15 corporation which is qualified to do business in this  
16 State, for which such person is required to make a federal  
17 income tax return, regardless of whether such person is  
18 liable for a tax imposed by this Act. However, this  
19 paragraph shall not require a resident to make a return if  
20 such person has an Illinois base income of the basic amount  
21 in Section 204(b) or less and is either claimed as a  
22 dependent on another person's tax return under the Internal  
23 Revenue Code, or is claimed as a dependent on another  
24 person's tax return under this Act.

25 Notwithstanding the provisions of paragraph (1), a

1 nonresident (other than, for taxable years ending on or after  
2 December 31, 2011, a nonresident required to withhold tax under  
3 Section 709.5) whose Illinois income tax liability under  
4 subsections (a), (b), (c), and (d) of Section 201 of this Act  
5 is paid in full after taking into account the credits allowed  
6 under subsection (f) of this Section or allowed under Section  
7 709.5 of this Act shall not be required to file a return under  
8 this subsection (a).

9 (b) Fiduciaries and receivers.

10 (1) Decedents. If an individual is deceased, any return  
11 or notice required of such individual under this Act shall  
12 be made by his executor, administrator, or other person  
13 charged with the property of such decedent.

14 (2) Individuals under a disability. If an individual is  
15 unable to make a return or notice required under this Act,  
16 the return or notice required of such individual shall be  
17 made by his duly authorized agent, guardian, fiduciary or  
18 other person charged with the care of the person or  
19 property of such individual.

20 (3) Estates and trusts. Returns or notices required of  
21 an estate or a trust shall be made by the fiduciary  
22 thereof.

23 (4) Receivers, trustees and assignees for  
24 corporations. In a case where a receiver, trustee in  
25 bankruptcy, or assignee, by order of a court of competent  
26 jurisdiction, by operation of law, or otherwise, has



1 possession of or holds title to all or substantially all  
2 the property or business of a corporation, whether or not  
3 such property or business is being operated, such receiver,  
4 trustee, or assignee shall make the returns and notices  
5 required of such corporation in the same manner and form as  
6 corporations are required to make such returns and notices.

7 (c) Joint returns by husband and wife.

8 (1) Except as provided in paragraph (3):

9 (A) if a husband and wife file a joint federal  
10 income tax return for a taxable year ending before  
11 December 31, 2009, or for a taxable year ending on or  
12 after December 31, 2015, they shall file a joint return  
13 under this Act for such taxable year and their  
14 liabilities shall be joint and several, and any  
15 overpayment for that taxable year may be withheld under  
16 Section 909 of this Act or under Section 2505-275 of  
17 the Department of Revenue Law of the Civil  
18 Administrative Code of Illinois and applied against a  
19 debt of either spouse without regard to the amount of  
20 the overpayment attributable to the other spouse;

21 (B) if a husband and wife file a joint federal  
22 income tax return for a taxable year ending on or after  
23 December 31, 2009, and prior to December 31, 2015, they  
24 may elect to file separate returns under this Act for  
25 such taxable year. The election under this paragraph  
26 must be made on or before the due date (including

1 extensions) of the return and, once made, shall be  
2 irrevocable. If no election is timely made under this  
3 paragraph for a taxable year:

4 (i) the couple must file a joint return under  
5 this Act for such taxable year,

6 (ii) their liabilities shall be joint and  
7 several, and

8 (iii) any overpayment for that taxable year  
9 may be withheld under Section 909 of this Act or  
10 under Section 2505-275 of the Civil Administrative  
11 Code of Illinois and applied against a debt of  
12 either spouse without regard to the amount of the  
13 overpayment attributable to the other spouse; and

14 (C) if the federal income tax liability of either  
15 spouse is determined on a separate federal income tax  
16 return, they shall file separate returns under this  
17 Act.

18 (2) If neither spouse is required to file a federal  
19 income tax return and either or both are required to file a  
20 return under this Act, they may elect to file separate or  
21 joint returns and pursuant to such election their  
22 liabilities shall be separate or joint and several.

23 (3) For taxable years ending prior to December 31,  
24 2015, if ~~If~~ either husband or wife is a resident and the  
25 other is a nonresident, they shall file separate returns in  
26 this State on such forms as may be required by the

1 Department in which event their tax liabilities shall be  
2 separate; but if they file a joint federal income tax  
3 return for a taxable year, they may elect to determine  
4 their joint net income and file a joint return for that  
5 taxable year under the provisions of paragraph (1) of this  
6 subsection as if both were residents and in such case,  
7 their liabilities shall be joint and several.

8 (4) Innocent spouses.

9 (A) However, for tax liabilities arising and paid  
10 prior to August 13, 1999, an innocent spouse shall be  
11 relieved of liability for tax (including interest and  
12 penalties) for any taxable year for which a joint  
13 return has been made, upon submission of proof that the  
14 Internal Revenue Service has made a determination  
15 under Section 6013(e) of the Internal Revenue Code, for  
16 the same taxable year, which determination relieved  
17 the spouse from liability for federal income taxes. If  
18 there is no federal income tax liability at issue for  
19 the same taxable year, the Department shall rely on the  
20 provisions of Section 6013(e) to determine whether the  
21 person requesting innocent spouse abatement of tax,  
22 penalty, and interest is entitled to that relief.

23 (B) For tax liabilities arising on and after August  
24 13, 1999 or which arose prior to that date, but remain  
25 unpaid as of that date, if an individual who filed a  
26 joint return for any taxable year has made an election

1           under this paragraph, the individual's liability for  
2           any tax shown on the joint return shall not exceed the  
3           individual's separate return amount and the  
4           individual's liability for any deficiency assessed for  
5           that taxable year shall not exceed the portion of the  
6           deficiency properly allocable to the individual. For  
7           purposes of this paragraph:

8                   (i) An election properly made pursuant to  
9                   Section 6015 of the Internal Revenue Code shall  
10                  constitute an election under this paragraph,  
11                  provided that the election shall not be effective  
12                  until the individual has notified the Department  
13                  of the election in the form and manner prescribed  
14                  by the Department.

15                  (ii) If no election has been made under Section  
16                  6015, the individual may make an election under  
17                  this paragraph in the form and manner prescribed by  
18                  the Department, provided that no election may be  
19                  made if the Department finds that assets were  
20                  transferred between individuals filing a joint  
21                  return as part of a scheme by such individuals to  
22                  avoid payment of Illinois income tax and the  
23                  election shall not eliminate the individual's  
24                  liability for any portion of a deficiency  
25                  attributable to an error on the return of which the  
26                  individual had actual knowledge as of the date of

1 filing.

2 (iii) In determining the separate return  
3 amount or portion of any deficiency attributable  
4 to an individual, the Department shall follow the  
5 provisions in subsections (c) and (d) of Section  
6 6015 of the Internal Revenue Code.

7 (iv) In determining the validity of an  
8 individual's election under subparagraph (ii) and  
9 in determining an electing individual's separate  
10 return amount or portion of any deficiency under  
11 subparagraph (iii), any determination made by the  
12 Secretary of the Treasury, by the United States Tax  
13 Court on petition for review of a determination by  
14 the Secretary of the Treasury, or on appeal from  
15 the United States Tax Court under Section 6015 of  
16 the Internal Revenue Code regarding criteria for  
17 eligibility or under subsection (d) of Section  
18 6015 of the Internal Revenue Code regarding the  
19 allocation of any item of income, deduction,  
20 payment, or credit between an individual making  
21 the federal election and that individual's spouse  
22 shall be conclusively presumed to be correct. With  
23 respect to any item that is not the subject of a  
24 determination by the Secretary of the Treasury or  
25 the federal courts, in any proceeding involving  
26 this subsection, the individual making the

1 election shall have the burden of proof with  
2 respect to any item except that the Department  
3 shall have the burden of proof with respect to  
4 items in subdivision (ii).

5 (v) Any election made by an individual under  
6 this subsection shall apply to all years for which  
7 that individual and the spouse named in the  
8 election have filed a joint return.

9 (vi) After receiving a notice that the federal  
10 election has been made or after receiving an  
11 election under subdivision (ii), the Department  
12 shall take no collection action against the  
13 electing individual for any liability arising from  
14 a joint return covered by the election until the  
15 Department has notified the electing individual in  
16 writing that the election is invalid or of the  
17 portion of the liability the Department has  
18 allocated to the electing individual. Within 60  
19 days (150 days if the individual is outside the  
20 United States) after the issuance of such  
21 notification, the individual may file a written  
22 protest of the denial of the election or of the  
23 Department's determination of the liability  
24 allocated to him or her and shall be granted a  
25 hearing within the Department under the provisions  
26 of Section 908. If a protest is filed, the

1 Department shall take no collection action against  
2 the electing individual until the decision  
3 regarding the protest has become final under  
4 subsection (d) of Section 908 or, if  
5 administrative review of the Department's decision  
6 is requested under Section 1201, until the  
7 decision of the court becomes final.

8 (d) Partnerships. Every partnership having any base income  
9 allocable to this State in accordance with section 305(c) shall  
10 retain information concerning all items of income, gain, loss  
11 and deduction; the names and addresses of all of the partners,  
12 or names and addresses of members of a limited liability  
13 company, or other persons who would be entitled to share in the  
14 base income of the partnership if distributed; the amount of  
15 the distributive share of each; and such other pertinent  
16 information as the Department may by forms or regulations  
17 prescribe. The partnership shall make that information  
18 available to the Department when requested by the Department.

19 (e) For taxable years ending on or after December 31, 1985,  
20 and before December 31, 1993, taxpayers that are corporations  
21 (other than Subchapter S corporations) having the same taxable  
22 year and that are members of the same unitary business group  
23 may elect to be treated as one taxpayer for purposes of any  
24 original return, amended return which includes the same  
25 taxpayers of the unitary group which joined in the election to  
26 file the original return, extension, claim for refund,

1 assessment, collection and payment and determination of the  
2 group's tax liability under this Act. This subsection (e) does  
3 not permit the election to be made for some, but not all, of  
4 the purposes enumerated above. For taxable years ending on or  
5 after December 31, 1987, corporate members (other than  
6 Subchapter S corporations) of the same unitary business group  
7 making this subsection (e) election are not required to have  
8 the same taxable year.

9 For taxable years ending on or after December 31, 1993,  
10 taxpayers that are corporations (other than Subchapter S  
11 corporations) and that are members of the same unitary business  
12 group shall be treated as one taxpayer for purposes of any  
13 original return, amended return which includes the same  
14 taxpayers of the unitary group which joined in filing the  
15 original return, extension, claim for refund, assessment,  
16 collection and payment and determination of the group's tax  
17 liability under this Act.

18 (f) For taxable years ending prior to December 31, 2014,  
19 the Department may promulgate regulations to permit  
20 nonresident individual partners of the same partnership,  
21 nonresident Subchapter S corporation shareholders of the same  
22 Subchapter S corporation, and nonresident individuals  
23 transacting an insurance business in Illinois under a Lloyds  
24 plan of operation, and nonresident individual members of the  
25 same limited liability company that is treated as a partnership  
26 under Section 1501 (a)(16) of this Act, to file composite



1 individual income tax returns reflecting the composite income  
2 of such individuals allocable to Illinois and to make composite  
3 individual income tax payments. For taxable years ending prior  
4 to December 31, 2014, the Department may by regulation also  
5 permit such composite returns to include the income tax owed by  
6 Illinois residents attributable to their income from  
7 partnerships, Subchapter S corporations, insurance businesses  
8 organized under a Lloyds plan of operation, or limited  
9 liability companies that are treated as partnership under  
10 Section 1501(a)(16) of this Act, in which case such Illinois  
11 residents will be permitted to claim credits on their  
12 individual returns for their shares of the composite tax  
13 payments. This paragraph of subsection (f) applies to taxable  
14 years ending on or after December 31, 1987 and ending prior to  
15 December 31, 2014.

16 For taxable years ending on or after December 31, 1999, the  
17 Department may, by regulation, permit any persons transacting  
18 an insurance business organized under a Lloyds plan of  
19 operation to file composite returns reflecting the income of  
20 such persons allocable to Illinois and the tax rates applicable  
21 to such persons under Section 201 and to make composite tax  
22 payments and shall, by regulation, also provide that the income  
23 and apportionment factors attributable to the transaction of an  
24 insurance business organized under a Lloyds plan of operation  
25 by any person joining in the filing of a composite return  
26 shall, for purposes of allocating and apportioning income under

1 Article 3 of this Act and computing net income under Section  
2 202 of this Act, be excluded from any other income and  
3 apportionment factors of that person or of any unitary business  
4 group, as defined in subdivision (a)(27) of Section 1501, to  
5 which that person may belong.

6 For taxable years ending on or after December 31, 2008,  
7 every nonresident shall be allowed a credit against his or her  
8 liability under subsections (a) and (b) of Section 201 for any  
9 amount of tax reported on a composite return and paid on his or  
10 her behalf under this subsection (f). Residents (other than  
11 persons transacting an insurance business organized under a  
12 Lloyds plan of operation) may claim a credit for taxes reported  
13 on a composite return and paid on their behalf under this  
14 subsection (f) only as permitted by the Department by rule.

15 (f-5) For taxable years ending on or after December 31,  
16 2008, the Department may adopt rules to provide that, when a  
17 partnership or Subchapter S corporation has made an error in  
18 determining the amount of any item of income, deduction,  
19 addition, subtraction, or credit required to be reported on its  
20 return that affects the liability imposed under this Act on a  
21 partner or shareholder, the partnership or Subchapter S  
22 corporation may report the changes in liabilities of its  
23 partners or shareholders and claim a refund of the resulting  
24 overpayments, or pay the resulting underpayments, on behalf of  
25 its partners and shareholders.

26 (g) The Department may adopt rules to authorize the

1 electronic filing of any return required to be filed under this  
2 Section.

3 (Source: P.A. 97-507, eff. 8-23-11; 98-478, eff. 1-1-14.)

4 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

5 Sec. 901. Collection Authority.

6 (a) In general.

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

24 (b) Local Government Distributive Fund.

25 Beginning August 1, 1969, and continuing through June 30,

1 1994, the Treasurer shall transfer each month from the General  
2 Revenue Fund to a special fund in the State treasury, to be  
3 known as the "Local Government Distributive Fund", an amount  
4 equal to 1/12 of the net revenue realized from the tax imposed  
5 by subsections (a) and (b) of Section 201 of this Act during  
6 the preceding month. Beginning July 1, 1994, and continuing  
7 through June 30, 1995, the Treasurer shall transfer each month  
8 from the General Revenue Fund to the Local Government  
9 Distributive Fund an amount equal to 1/11 of the net revenue  
10 realized from the tax imposed by subsections (a) and (b) of  
11 Section 201 of this Act during the preceding month. Beginning  
12 July 1, 1995 and continuing through January 31, 2011, the  
13 Treasurer shall transfer each month from the General Revenue  
14 Fund to the Local Government Distributive Fund an amount equal  
15 to the net of (i) 1/10 of the net revenue realized from the tax  
16 imposed by subsections (a) and (b) of Section 201 of the  
17 Illinois Income Tax Act during the preceding month (ii) minus,  
18 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,  
19 and beginning July 1, 2004, zero. Beginning February 1, 2011,  
20 and continuing through January 31, 2016, ~~January 31, 2015,~~ the  
21 Treasurer shall transfer each month from the General Revenue  
22 Fund to the Local Government Distributive Fund an amount equal  
23 to the sum of (i) 6% (10% of the ratio of the 3% individual  
24 income tax rate prior to 2011 to the 5% individual income tax  
25 rate after 2010) of the net revenue realized from the tax  
26 imposed by subsections (a) and (b) of Section 201 of this Act

1 upon individuals, trusts, and estates during the preceding  
2 month and (ii) 6.86% (10% of the ratio of the 4.8% corporate  
3 income tax rate prior to 2011 to the 7% corporate income tax  
4 rate after 2010) of the net revenue realized from the tax  
5 imposed by subsections (a) and (b) of Section 201 of this Act  
6 upon corporations during the preceding month. Beginning  
7 February 1, 2016 ~~February 1, 2015~~ and continuing through  
8 January 31, 2025, the Treasurer shall transfer each month from  
9 the General Revenue Fund to the Local Government Distributive  
10 Fund an amount equal 1/12 of the net revenue realized from the  
11 tax imposed by subsections (a) and (b) of Section 201 of the  
12 Illinois Income Tax Act during the preceding month. ~~to the sum~~  
13 ~~of (i) 8% (10% of the ratio of the 3% individual income tax~~  
14 ~~rate prior to 2011 to the 3.75% individual income tax rate~~  
15 ~~after 2014) of the net revenue realized from the tax imposed by~~  
16 ~~subsections (a) and (b) of Section 201 of this Act upon~~  
17 ~~individuals, trusts, and estates during the preceding month and~~  
18 ~~(ii) 9.14% (10% of the ratio of the 4.8% corporate income tax~~  
19 ~~rate prior to 2011 to the 5.25% corporate income tax rate after~~  
20 ~~2014) of the net revenue realized from the tax imposed by~~  
21 ~~subsections (a) and (b) of Section 201 of this Act upon~~  
22 ~~corporations during the preceding month. Beginning February 1,~~  
23 ~~2025, the Treasurer shall transfer each month from the General~~  
24 ~~Revenue Fund to the Local Government Distributive Fund an~~  
25 ~~amount equal to the sum of (i) 9.23% (10% of the ratio of the 3%~~  
26 ~~individual income tax rate prior to 2011 to the 3.25%~~

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

17 (c) Deposits Into Income Tax Refund Fund.

18 (1) Beginning on January 1, 1989 and thereafter, the  
19 Department shall deposit a percentage of the amounts  
20 collected pursuant to subsections (a), ~~and~~ (b) (1), (2), ~~and~~  
21 (3), (4), (5), and (5.1) of Section 201 of this Act into a  
22 fund in the State treasury known as the Income Tax Refund  
23 Fund. The Department shall deposit 6% of such amounts  
24 during the period beginning January 1, 1989 and ending on  
25 June 30, 1989. Beginning with State fiscal year 1990 and  
26 for each fiscal year thereafter, the percentage deposited

1 into the Income Tax Refund Fund during a fiscal year shall  
2 be the Annual Percentage. For fiscal years 1999 through  
3 2001, the Annual Percentage shall be 7.1%. For fiscal year  
4 2003, the Annual Percentage shall be 8%. For fiscal year  
5 2004, the Annual Percentage shall be 11.7%. Upon the  
6 effective date of this amendatory Act of the 93rd General  
7 Assembly, the Annual Percentage shall be 10% for fiscal  
8 year 2005. For fiscal year 2006, the Annual Percentage  
9 shall be 9.75%. For fiscal year 2007, the Annual Percentage  
10 shall be 9.75%. For fiscal year 2008, the Annual Percentage  
11 shall be 7.75%. For fiscal year 2009, the Annual Percentage  
12 shall be 9.75%. For fiscal year 2010, the Annual Percentage  
13 shall be 9.75%. For fiscal year 2011, the Annual Percentage  
14 shall be 8.75%. For fiscal year 2012, the Annual Percentage  
15 shall be 8.75%. For fiscal year 2013, the Annual Percentage  
16 shall be 9.75%. For fiscal year 2014, the Annual Percentage  
17 shall be 9.5%. For all other fiscal years, the Annual  
18 Percentage shall be calculated as a fraction, the numerator  
19 of which shall be the amount of refunds approved for  
20 payment by the Department during the preceding fiscal year  
21 as a result of overpayment of tax liability under  
22 subsections (a), ~~and~~ (b) (1), (2), ~~and~~ (3), (4), (5), and  
23 (5.1) of Section 201 of this Act plus the amount of such  
24 refunds remaining approved but unpaid at the end of the  
25 preceding fiscal year, minus the amounts transferred into  
26 the Income Tax Refund Fund from the Tobacco Settlement

1 Recovery Fund, and the denominator of which shall be the  
2 amounts which will be collected pursuant to subsections  
3 (a), ~~and~~ (b) (1), (2), ~~and~~ (3) , (4), (5), and (5.1) of  
4 Section 201 of this Act during the preceding fiscal year;  
5 except that in State fiscal year 2002, the Annual  
6 Percentage shall in no event exceed 7.6%. The Director of  
7 Revenue shall certify the Annual Percentage to the  
8 Comptroller on the last business day of the fiscal year  
9 immediately preceding the fiscal year for which it is to be  
10 effective.

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



1 for fiscal year 2005. For fiscal year 2006, the Annual  
2 Percentage shall be 20%. For fiscal year 2007, the Annual  
3 Percentage shall be 17.5%. For fiscal year 2008, the Annual  
4 Percentage shall be 15.5%. For fiscal year 2009, the Annual  
5 Percentage shall be 17.5%. For fiscal year 2010, the Annual  
6 Percentage shall be 17.5%. For fiscal year 2011, the Annual  
7 Percentage shall be 17.5%. For fiscal year 2012, the Annual  
8 Percentage shall be 17.5%. For fiscal year 2013, the Annual  
9 Percentage shall be 14%. For fiscal year 2014, the Annual  
10 Percentage shall be 13.4%. For all other fiscal years, the  
11 Annual Percentage shall be calculated as a fraction, the  
12 numerator of which shall be the amount of refunds approved  
13 for payment by the Department during the preceding fiscal  
14 year as a result of overpayment of tax liability under  
15 subsections (a), ~~and~~ (b) (6), (7), ~~and~~ (8), (9), (10), and  
16 (11), (c) and (d) of Section 201 of this Act plus the  
17 amount of such refunds remaining approved but unpaid at the  
18 end of the preceding fiscal year, and the denominator of  
19 which shall be the amounts which will be collected pursuant  
20 to subsections (a), ~~and~~ (b) (6), (7), ~~and~~ (8), (9), (10),  
21 and (11), (c) and (d) of Section 201 of this Act during the  
22 preceding fiscal year; except that in State fiscal year  
23 2002, the Annual Percentage shall in no event exceed 23%.  
24 The Director of Revenue shall certify the Annual Percentage  
25 to the Comptroller on the last business day of the fiscal  
26 year immediately preceding the fiscal year for which it is

1 to be effective.

2 (3) The Comptroller shall order transferred and the  
3 Treasurer shall transfer from the Tobacco Settlement  
4 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000  
5 in January, 2001, (ii) \$35,000,000 in January, 2002, and  
6 (iii) \$35,000,000 in January, 2003.

7 (d) Expenditures from Income Tax Refund Fund.

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

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

23 (3) As soon as possible after the end of each fiscal  
24 year, the Director shall order transferred and the State  
25 Treasurer and State Comptroller shall transfer from the  
26 Income Tax Refund Fund to the Personal Property Tax

1 Replacement Fund an amount, certified by the Director to  
2 the Comptroller, equal to the excess of the amount  
3 collected pursuant to subsections (c) and (d) of Section  
4 201 of this Act deposited into the Income Tax Refund Fund  
5 during the fiscal year over the amount of refunds resulting  
6 from overpayment of tax liability under subsections (c) and  
7 (d) of Section 201 of this Act paid from the Income Tax  
8 Refund Fund during the fiscal year.

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

21 (4.5) As soon as possible after the end of fiscal year  
22 1999 and of each fiscal year thereafter, the Director shall  
23 order transferred and the State Treasurer and State  
24 Comptroller shall transfer from the Income Tax Refund Fund  
25 to the General Revenue Fund any surplus remaining in the  
26 Income Tax Refund Fund as of the end of such fiscal year;

1           excluding for fiscal years 2000, 2001, and 2002 amounts  
2           attributable to transfers under item (3) of subsection (c)  
3           less refunds resulting from the earned income tax credit.

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

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

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

1 collected under subsections (a) and (b) of Section 201 of this  
2 Act, minus deposits into the Income Tax Refund Fund, the  
3 Department shall deposit 1.475% into the Income Tax Surcharge  
4 Local Government Distributive Fund in the State Treasury.

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

12 (1) beginning February 1, 2015, and prior to February  
13 1, 2025, 1/30; and

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

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

19 (g) Deposits into the Commitment to Human Services Fund.  
20 Beginning February 1, 2015, the Department shall deposit the  
21 following portions of the revenue realized from the tax imposed  
22 upon individuals, trusts, and estates by subsections (a) and  
23 (b) of Section 201 of this Act during the preceding month,  
24 minus deposits into the Income Tax Refund Fund, into the  
25 Commitment to Human Services Fund:

26 (1) beginning February 1, 2015, and prior to February

1           1, 2025, 1/30; and

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

3           If the rate of tax imposed by subsection (a) and (b) of  
4   Section 201 is reduced pursuant to Section 201.5 of this Act,  
5   the Department shall not make the deposits required by this  
6   subsection (g) on or after the effective date of the reduction.  
7   (Source: P.A. 97-72, eff. 7-1-11; 97-732, eff. 6-30-12; 98-24,  
8   eff. 6-19-13.)".