



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB3449

Introduced 2/14/2014, by Sen. Michael Noland

SYNOPSIS AS INTRODUCED:

See Index

Amends the State Budget Law of the Civil Administration Code of Illinois. Provides that certain amounts shall be transferred from the General Revenue Fund to the Common School Fund. Amends the Illinois Income Tax Act. Provides that the income tax rates on individuals, trusts, estates, and corporations shall be 5%. Increases the residential real property tax credit from to 10%. Increases the limitation on the education expense credit. Increases the percentage of the earned income tax credit. Makes changes concerning distributions to the Local Government Distributive Fund. Amends the Retailers' Occupation Tax Act. Provides that certain services are taxable under the Act. Amends the School Code. Creates the Education Financial Award System Fund, the Digital Learning Technology Grant Fund, and the STEM Education Center Grant Fund. Makes changes concerning the Early Childhood Education Block Grant; financial awards for school improvement and other awards; academic early warning and watch status; an educational improvement plan; the creation of the Digital Learning Technology Grant Program, a best practices clearinghouse, the Science, Technology, Engineering, and Mathematics Education Center Grant Program, and a resource management service; audits; school board member leadership training; a school district's school report card; financial policies and plans; a capital improvement plan; protection from suit; financial accountability; non-referendum bonds; the foundation level of support under the State aid formula; the New Teacher Induction and Mentoring Program; school board associations; and transportation reimbursement. Effective immediately.

LRB098 20255 HLH 55629 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The State Budget Law of the Civil Administrative
5 Code of Illinois is amended by changing Section 50-20 as
6 follows:

7 (15 ILCS 20/50-20) (was 15 ILCS 20/38.3)

8 Sec. 50-20. Responsible Education Funding Law.

9 (a) The Governor shall submit to the General Assembly a
10 proposed budget for elementary and secondary education in which
11 total General Revenue Fund appropriations are no less than the
12 total General Revenue Fund appropriations of the previous
13 fiscal year. In addition, the Governor shall specify the total
14 amount of funds to be transferred from the General Revenue Fund
15 to the Common School Fund during the budget year, which shall
16 be no less than the total amount transferred during the
17 previous fiscal year. The Governor may submit a proposed budget
18 in which the total appropriated and transferred amounts are
19 less than the previous fiscal year if the Governor declares in
20 writing to the General Assembly the reason for the lesser
21 amounts.

22 (b) The General Assembly shall appropriate amounts for
23 elementary and secondary education from the General Revenue

1 Fund for each fiscal year so that the total General Revenue
2 Fund appropriation is no less than the total General Revenue
3 Fund appropriation for elementary and secondary education for
4 the previous fiscal year. In addition, the General Assembly
5 shall legislatively transfer from the General Revenue Fund to
6 the Common School Fund for the fiscal year a total amount that
7 is no less than the total amount transferred for the previous
8 fiscal year. The General Assembly may appropriate or transfer
9 lesser amounts if it declares by Joint Resolution the reason
10 for the lesser amounts.

11 (b-5) In fiscal year 2015, no appropriation made from
12 General funds to the State Board of Education, the Board of
13 Higher Education, the Community College Board, the Student
14 Assistance Commission, or any public university may be
15 decreased from its fiscal year 2014 general appropriation
16 level. An exception may be made only if a program's
17 appropriation is based on actual cost and that cost has been
18 determined by the Board or university to require a lesser
19 appropriation; however, the aggregate appropriation to those
20 Boards or universities for fiscal year 2010 shall not under any
21 circumstances represent a decrease from the fiscal year 2014
22 aggregate general fund appropriation level for that Board or
23 university.

24 (b-10) Beginning in fiscal year 2016 and in each fiscal
25 year thereafter, in addition to the amounts required to be
26 transferred under subsection (b), an amount equal to the first

1 33 1/3% of the amount of additional revenue generated through
2 the taxes imposed by this amendatory Act of the 98th General
3 Assembly in that fiscal year shall be transferred from the
4 General Revenue Fund to the Common School Fund. In addition,
5 beginning in fiscal year 2016 and in each fiscal year
6 thereafter, an amount equal to the next 16 2/3% of the amount
7 of additional revenue generated through those taxes shall be
8 transferred from the General Revenue Fund to the Higher
9 Education Fund.

10 (b-15) The Higher Education Fund is created as a special
11 fund in the State treasury. Moneys in this Fund may be used
12 only for purposes related to higher education. The Higher
13 Education Fund is not subject to administrative charges that
14 would in any way transfer any funds from the Higher Education
15 Fund into any other fund of the State.

16 (c) This Section may be cited as the Responsible Education
17 Funding Law.

18 (Source: P.A. 91-239, eff. 1-1-00.)

19 Section 10. The State Finance Act is amended by adding
20 Sections 5.855, 5.856, 5.857, and 5.858 as follows:

21 (30 ILCS 105/5.855 new)

22 Sec. 5.855. The Education Financial Award System Fund.

23 (30 ILCS 105/5.856 new)

1 Sec. 5.856. The Digital Learning Technology Grant Fund.

2 (30 ILCS 105/5.857 new)

3 Sec. 5.857. The STEM Education Center Grant Fund.

4 (30 ILCS 105/5.858 new)

5 Sec. 5.858. The Higher Education Fund.

6 Section 15. The Illinois Income Tax Act is amended by
7 changing Sections 201, 202.5, 204, 208, 212, and 901 as
8 follows:

9 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

10 Sec. 201. Tax Imposed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (7) In the case of a corporation, for taxable years

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

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

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

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

22 (11) In the case of a corporation, for taxable years
23 beginning prior to January 1, 2015, and ending after
24 December 31, 2014, an amount equal to the sum of (i) 7% of
25 the taxpayer's net income for the period prior to January
26 1, 2015, as calculated under Section 202.5, and (ii) 5%

1 ~~5.25%~~ of the taxpayer's net income for the period after
2 December 31, 2014, as calculated under Section 202.5.

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

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

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

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

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

1 income in or as a resident of this State. The Personal Property
2 Tax Replacement Income Tax shall be in addition to the income
3 tax imposed by subsections (a) and (b) of this Section and in
4 addition to all other occupation or privilege taxes imposed by
5 this State or by any municipal corporation or political
6 subdivision thereof.

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

19 (d-1) Rate reduction for certain foreign insurers. In the
20 case of a foreign insurer, as defined by Section 35A-5 of the
21 Illinois Insurance Code, whose state or country of domicile
22 imposes on insurers domiciled in Illinois a retaliatory tax
23 (excluding any insurer whose premiums from reinsurance assumed
24 are 50% or more of its total insurance premiums as determined
25 under paragraph (2) of subsection (b) of Section 304, except
26 that for purposes of this determination premiums from

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

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

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

23 (B) the privilege tax imposed by Section 409 of the
24 Illinois Insurance Code, the fire insurance company
25 tax imposed by Section 12 of the Fire Investigation
26 Act, and the fire department taxes imposed under

1 Section 11-10-1 of the Illinois Municipal Code,
2 equals 1.25% for taxable years ending prior to December 31,
3 2003, or 1.75% for taxable years ending on or after
4 December 31, 2003, of the net taxable premiums written for
5 the taxable year, as described by subsection (1) of Section
6 409 of the Illinois Insurance Code. This paragraph will in
7 no event increase the rates imposed under subsections (b)
8 and (d).

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

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

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

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

1 provided such property is placed in service on or after
2 July 1, 1986, and the taxpayer's base employment within
3 Illinois has increased by 1% or more over the preceding
4 year as determined by the taxpayer's employment records
5 filed with the Illinois Department of Employment Security.
6 Taxpayers who are new to Illinois shall be deemed to have
7 met the 1% growth in base employment for the first year in
8 which they file employment records with the Illinois
9 Department of Employment Security. The provisions added to
10 this Section by Public Act 85-1200 (and restored by Public
11 Act 87-895) shall be construed as declaratory of existing
12 law and not as a new enactment. If, in any year, the
13 increase in base employment within Illinois over the
14 preceding year is less than 1%, the additional credit shall
15 be limited to that percentage times a fraction, the
16 numerator of which is .5% and the denominator of which is
17 1%, but shall not exceed .5%. The investment credit shall
18 not be allowed to the extent that it would reduce a
19 taxpayer's liability in any tax year below zero, nor may
20 any credit for qualified property be allowed for any year
21 other than the year in which the property was placed in
22 service in Illinois. For tax years ending on or after
23 December 31, 1987, and on or before December 31, 1988, the
24 credit shall be allowed for the tax year in which the
25 property is placed in service, or, if the amount of the
26 credit exceeds the tax liability for that year, whether it

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

1 (2) The term "qualified property" means property
2 which:

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

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

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

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

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

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

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

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

1 date of such increase in basis.

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

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

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

25 (9) Each taxable year ending before December 31, 2000,
26 a partnership may elect to pass through to its partners the

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

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

1 Revenue Code. This paragraph is exempt from the provisions
2 of Section 250.

3 (f) Investment credit; Enterprise Zone; River Edge
4 Redevelopment Zone.

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

1 31, 1985, the credit shall be allowed for the tax year in
2 which the property is placed in service, or, if the amount
3 of the credit exceeds the tax liability for that year,
4 whether it exceeds the original liability or the liability
5 as later amended, such excess may be carried forward and
6 applied to the tax liability of the 5 taxable years
7 following the excess credit year. The credit shall be
8 applied to the earliest year for which there is a
9 liability. If there is credit from more than one tax year
10 that is available to offset a liability, the credit
11 accruing first in time shall be applied first.

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

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

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

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

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

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

1 subsection (e).

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

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

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

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

1 qualified property resulting from a redetermination of the
2 purchase price shall be deemed a disposition of qualified
3 property to the extent of such reduction.

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

21 (g) (Blank).

22 (h) Investment credit; High Impact Business.

23 (1) Subject to subsections (b) and (b-5) of Section 5.5
24 of the Illinois Enterprise Zone Act, a taxpayer shall be
25 allowed a credit against the tax imposed by subsections (a)
26 and (b) of this Section for investment in qualified

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

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

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

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

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

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

21 (C) is acquired by purchase as defined in Section
22 179(d) of the Internal Revenue Code; and

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

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

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

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

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

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

1 disposition of qualified property to the extent of such
2 reduction.

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

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

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

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

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

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

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

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

24 (k) Research and development credit. For tax years ending
25 after July 1, 1990 and prior to December 31, 2003, and
26 beginning again for tax years ending on or after December 31,

1 2004, and ending prior to January 1, 2016, a taxpayer shall be
2 allowed a credit against the tax imposed by subsections (a) and
3 (b) of this Section for increasing research activities in this
4 State. The credit allowed against the tax imposed by
5 subsections (a) and (b) shall be equal to 6 1/2% of the
6 qualifying expenditures for increasing research activities in
7 this State. For partners, shareholders of subchapter S
8 corporations, and owners of limited liability companies, if the
9 liability company is treated as a partnership for purposes of
10 federal and State income taxation, there shall be allowed a
11 credit under this subsection to be determined in accordance
12 with the determination of income and distributive share of
13 income under Sections 702 and 704 and subchapter S of the
14 Internal Revenue Code.

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

1 made.

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

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

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

25 (1) Environmental Remediation Tax Credit.

26 (i) For tax years ending after December 31, 1997 and on

1 or before December 31, 2001, a taxpayer shall be allowed a
2 credit against the tax imposed by subsections (a) and (b)
3 of this Section for certain amounts paid for unreimbursed
4 eligible remediation costs, as specified in this
5 subsection. For purposes of this Section, "unreimbursed
6 eligible remediation costs" means costs approved by the
7 Illinois Environmental Protection Agency ("Agency") under
8 Section 58.14 of the Environmental Protection Act that were
9 paid in performing environmental remediation at a site for
10 which a No Further Remediation Letter was issued by the
11 Agency and recorded under Section 58.10 of the
12 Environmental Protection Act. The credit must be claimed
13 for the taxable year in which Agency approval of the
14 eligible remediation costs is granted. The credit is not
15 available to any taxpayer if the taxpayer or any related
16 party caused or contributed to, in any material respect, a
17 release of regulated substances on, in, or under the site
18 that was identified and addressed by the remedial action
19 pursuant to the Site Remediation Program of the
20 Environmental Protection Act. After the Pollution Control
21 Board rules are adopted pursuant to the Illinois
22 Administrative Procedure Act for the administration and
23 enforcement of Section 58.9 of the Environmental
24 Protection Act, determinations as to credit availability
25 for purposes of this Section shall be made consistent with
26 those rules. For purposes of this Section, "taxpayer"

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

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

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

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

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

1 Section for qualified education expenses incurred on behalf of
2 the qualifying pupils. The credit shall be equal to 25% of
3 qualified education expenses, but in no event may the total
4 credit under this subsection claimed by a family that is the
5 custodian of qualifying pupils exceed \$500 for taxable years
6 ending on or before December 31, 2013 and \$1,000 for taxable
7 years ending on or after January 1, 2014. In no event shall a
8 credit under this subsection reduce the taxpayer's liability
9 under this Act to less than zero. This subsection is exempt
10 from the provisions of Section 250 of this Act.

11 For purposes of this subsection:

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

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

23 "School" means any public or nonpublic elementary or
24 secondary school in Illinois that is in compliance with Title
25 VI of the Civil Rights Act of 1964 and attendance at which
26 satisfies the requirements of Section 26-1 of the School Code,

1 except that nothing shall be construed to require a child to
2 attend any particular public or nonpublic school to qualify for
3 the credit under this Section.

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

7 (n) River Edge Redevelopment Zone site remediation tax
8 credit.

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

1 the site that was identified and addressed by the remedial
2 action pursuant to the Site Remediation Program of the
3 Environmental Protection Act. Determinations as to credit
4 availability for purposes of this Section shall be made
5 consistent with rules adopted by the Pollution Control
6 Board pursuant to the Illinois Administrative Procedure
7 Act for the administration and enforcement of Section 58.9
8 of the Environmental Protection Act. For purposes of this
9 Section, "taxpayer" includes a person whose tax attributes
10 the taxpayer has succeeded to under Section 381 of the
11 Internal Revenue Code and "related party" includes the
12 persons disallowed a deduction for losses by paragraphs
13 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
14 Code by virtue of being a related taxpayer, as well as any
15 of its partners. The credit allowed against the tax imposed
16 by subsections (a) and (b) shall be equal to 25% of the
17 unreimbursed eligible remediation costs in excess of
18 \$100,000 per site.

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

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

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

18 (o) For each of taxable years during the Compassionate Use
19 of Medical Cannabis Pilot Program, a surcharge is imposed on
20 all taxpayers on income arising from the sale or exchange of
21 capital assets, depreciable business property, real property
22 used in the trade or business, and Section 197 intangibles of
23 an organization registrant under the Compassionate Use of
24 Medical Cannabis Pilot Program Act. The amount of the surcharge
25 is equal to the amount of federal income tax liability for the
26 taxable year attributable to those sales and exchanges. The

1 surcharge imposed does not apply if:

2 (1) the medical cannabis cultivation center
3 registration, medical cannabis dispensary registration, or
4 the property of a registration is transferred as a result
5 of any of the following:

6 (A) bankruptcy, a receivership, or a debt
7 adjustment initiated by or against the initial
8 registration or the substantial owners of the initial
9 registration;

10 (B) cancellation, revocation, or termination of
11 any registration by the Illinois Department of Public
12 Health;

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

18 (D) the death of an owner of the equity interest in
19 a registrant;

20 (E) the acquisition of a controlling interest in
21 the stock or substantially all of the assets of a
22 publicly traded company;

23 (F) a transfer by a parent company to a wholly
24 owned subsidiary; or

25 (G) the transfer or sale to or by one person to
26 another person where both persons were initial owners

1 of the registration when the registration was issued;

2 or

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

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

13 (35 ILCS 5/202.5)

14 Sec. 202.5. Net income attributable to the period beginning
15 prior to January 1 of any year and ending after December 31 of
16 the preceding year.

17 (a) In general. With respect to the taxable year of a
18 taxpayer beginning prior to January 1 of any year and ending
19 after December 31 of the preceding year, net income for the
20 period after December 31 of the preceding year, is that amount
21 that bears the same ratio to the taxpayer's net income for the
22 entire taxable year as the number of days in that taxable year
23 after December 31 bears to the total number of days in that
24 taxable year, and the net income for the period prior to
25 January 1 is that amount that bears the same ratio to the

1 taxpayer's net income for the entire taxable year as the number
2 of days in that taxable year prior to January 1 bears to the
3 total number of days in that taxable year.

4 (b) Election to attribute income and deduction items
5 specifically to the respective portions of a taxable year prior
6 to January 1 of any year and after December 31 of the preceding
7 year. In the case of a taxpayer with a taxable year beginning
8 prior to January 1 of any year and ending after December 31 of
9 the preceding year, the taxpayer may elect, instead of the
10 procedure established in subsection (a) of this Section, to
11 determine net income on a specific accounting basis for the 2
12 portions of the taxable year:

13 (1) from the beginning of the taxable year through
14 December 31; and

15 (2) from January 1 through the end of the taxable year.

16 The election provided by this subsection must be made in
17 form and manner that the Department requires by rule, and must
18 be made no later than the due date (including any extensions
19 thereof) for the filing of the return for the taxable year, and
20 is irrevocable.

21 (c) If the taxpayer elects specific accounting under
22 subsection (b):

23 (1) there shall be taken into account in computing base
24 income for each of the 2 portions of the taxable year only
25 those items earned, received, paid, incurred or accrued in
26 each such period;

1 (2) for purposes of apportioning business income of the
2 taxpayer, the provisions in Article 3 shall be applied on
3 the basis of the taxpayer's full taxable year, without
4 regard to this Section;

5 (3) the net loss carryforward deduction for the taxable
6 year under Section 207 may not exceed combined net income
7 of both portions of the taxable year, and shall be used
8 against the net income of the portion of the taxable year
9 from the beginning of the taxable year through December 31
10 before any remaining amount is used against the net income
11 of the latter portion of the taxable year.

12 (d) Under subsection (a) or (b):

13 (1) the exemptions and credits allowed under Sections
14 204, 208, and 212, respectively, for the period prior to
15 July 1, 2014, shall be equal to the total exemptions or
16 credits, as applicable, that would be allowed for the
17 taxable year under Sections 204, 208, and 212,
18 respectively, as in effect before the effective date of
19 this amendatory Act of the 98th General Assembly,
20 multiplied by the number of months in the portion of the
21 taxable year ending on or before June 30, 2014 and divided
22 by 12; and

23 (2) the exemptions and credits allowed under Sections
24 204, 208, and 212, respectively, for the period after June
25 30, 2014, through the end of the taxable year shall equal
26 to the total exemptions or credits, as applicable, allowed

1 under Sections 204, 208, or 212, as applicable, for the
2 taxable year, multiplied by the number of months in the
3 taxable year for the period beginning on July 1, 2014 and
4 divided by 12.

5 (Source: P.A. 96-1496, eff. 1-13-11.)

6 (35 ILCS 5/204) (from Ch. 120, par. 2-204)

7 Sec. 204. Standard Exemption.

8 (a) Allowance of exemption. In computing net income under
9 this Act, there shall be allowed as an exemption the sum of the
10 amounts determined under subsections (b), (c) and (d),
11 multiplied by a fraction the numerator of which is the amount
12 of the taxpayer's base income allocable to this State for the
13 taxable year and the denominator of which is the taxpayer's
14 total base income for the taxable year.

15 (b) Basic amount. For the purpose of subsection (a) of this
16 Section, except as provided by subsection (a) of Section 205
17 and in this subsection, each taxpayer shall be allowed a basic
18 amount of \$1000, except that for corporations the basic amount
19 shall be zero for tax years ending on or after December 31,
20 2003, and for individuals the basic amount shall be:

21 (1) for taxable years ending on or after December 31,
22 1998 and prior to December 31, 1999, \$1,300;

23 (2) for taxable years ending on or after December 31,
24 1999 and prior to December 31, 2000, \$1,650;

25 (3) for taxable years ending on or after December 31,

1 2000 and prior to December 31, 2012, \$2,000;

2 (4) for taxable years ending on or after December 31,
3 2012 and prior to December 31, 2013 and prior to July 1,
4 2014, \$2,050;

5 (5) for taxable years ending after June 30, 2014 and
6 prior to December 31, 2015, \$3,000, except that, for
7 taxable years beginning before July 1, 2014, and ending
8 after June 30, 2014, the exemption for the taxable year
9 shall be determined under subsection (d) of Section 202.5;
10 and for taxable years ending on or after December 31, 2013,
11 \$2,050 plus the cost-of-living adjustment under subsection
12 (d-5).

13 (6) for taxable years ending on or after December 31,
14 2015, \$3,000.

15 For taxable years ending on or after December 31, 1992, a
16 taxpayer whose Illinois base income exceeds the basic amount
17 and who is claimed as a dependent on another person's tax
18 return under the Internal Revenue Code shall not be allowed any
19 basic amount under this subsection.

20 (c) Additional amount for individuals. In the case of an
21 individual taxpayer, there shall be allowed for the purpose of
22 subsection (a), in addition to the basic amount provided by
23 subsection (b), an additional exemption equal to the basic
24 amount for each exemption in excess of one allowable to such
25 individual taxpayer for the taxable year under Section 151 of
26 the Internal Revenue Code.

1 (d) Additional exemptions for an individual taxpayer and
2 his or her spouse. In the case of an individual taxpayer and
3 his or her spouse, he or she shall each be allowed additional
4 exemptions as follows:

5 (1) Additional exemption for taxpayer or spouse 65
6 years of age or older.

7 (A) For taxpayer. An additional exemption of
8 \$1,000 for the taxpayer if he or she has attained the
9 age of 65 before the end of the taxable year.

10 (B) For spouse when a joint return is not filed. An
11 additional exemption of \$1,000 for the spouse of the
12 taxpayer if a joint return is not made by the taxpayer
13 and his spouse, and if the spouse has attained the age
14 of 65 before the end of such taxable year, and, for the
15 calendar year in which the taxable year of the taxpayer
16 begins, has no gross income and is not the dependent of
17 another taxpayer.

18 (2) Additional exemption for blindness of taxpayer or
19 spouse.

20 (A) For taxpayer. An additional exemption of
21 \$1,000 for the taxpayer if he or she is blind at the
22 end of the taxable year.

23 (B) For spouse when a joint return is not filed. An
24 additional exemption of \$1,000 for the spouse of the
25 taxpayer if a separate return is made by the taxpayer,
26 and if the spouse is blind and, for the calendar year

1 in which the taxable year of the taxpayer begins, has
2 no gross income and is not the dependent of another
3 taxpayer. For purposes of this paragraph, the
4 determination of whether the spouse is blind shall be
5 made as of the end of the taxable year of the taxpayer;
6 except that if the spouse dies during such taxable year
7 such determination shall be made as of the time of such
8 death.

9 (C) Blindness defined. For purposes of this
10 subsection, an individual is blind only if his or her
11 central visual acuity does not exceed 20/200 in the
12 better eye with correcting lenses, or if his or her
13 visual acuity is greater than 20/200 but is accompanied
14 by a limitation in the fields of vision such that the
15 widest diameter of the visual fields subtends an angle
16 no greater than 20 degrees.

17 (d-5) Cost-of-living adjustment. For purposes of item (5)
18 of subsection (b), the cost-of-living adjustment for any
19 calendar year and for taxable years ending prior to the end of
20 the subsequent calendar year is equal to \$2,050 times the
21 percentage (if any) by which:

22 (1) the Consumer Price Index for the preceding calendar
23 year, exceeds

24 (2) the Consumer Price Index for the calendar year
25 2011.

26 The Consumer Price Index for any calendar year is the

1 average of the Consumer Price Index as of the close of the
2 12-month period ending on August 31 of that calendar year.

3 The term "Consumer Price Index" means the last Consumer
4 Price Index for All Urban Consumers published by the United
5 States Department of Labor or any successor agency.

6 If any cost-of-living adjustment is not a multiple of \$25,
7 that adjustment shall be rounded to the next lowest multiple of
8 \$25.

9 (e) Cross reference. See Article 3 for the manner of
10 determining base income allocable to this State.

11 (f) Application of Section 250. Section 250 does not apply
12 to ~~the amendments to~~ this Section ~~made by Public Act 90-613.~~

13 (Source: P.A. 97-507, eff. 8-23-11; 97-652, eff. 6-1-12.)

14 (35 ILCS 5/208) (from Ch. 120, par. 2-208)

15 Sec. 208. Tax credit for residential real property taxes.
16 Beginning with tax years ending on or after December 31, 1991
17 and prior to July 1, 2014, every individual taxpayer shall be
18 entitled to a tax credit equal to 5% of real property taxes
19 paid by such taxpayer during the taxable year on the principal
20 residence of the taxpayer. In the case of multi-unit or
21 multi-use structures and farm dwellings, the taxes on the
22 taxpayer's principal residence shall be that portion of the
23 total taxes which is attributable to such principal residence.

24 For tax years ending after June 30, 2014 and prior to
25 December 31, 2015, every individual taxpayer shall be entitled

1 to a tax credit equal to 10% of real property taxes paid by the
2 taxpayer during the taxable year on the principal residence of
3 the taxpayer; except that, for taxable years beginning before
4 July 1, 2014, and ending after June 30, 2014, the credit for
5 the taxable year shall be determined under subsection (d) of
6 Section 202.5. In the case of multi-unit or multi-use
7 structures, the taxes on the taxpayer's principal residence
8 shall be that portion of the total taxes that is attributable
9 to the principal residence.

10 For tax years ending on or after December 31, 2015, every
11 individual taxpayer shall be entitled to a tax credit equal to
12 10% of real property taxes paid by the taxpayer during the
13 taxable year on the principal residence of the taxpayer. In the
14 case of multi-unit or multi-use structures, the taxes on the
15 taxpayer's principal residence shall be that portion of the
16 total taxes that is attributable to the principal residence.

17 For tax years ending after June 30, 2014, the credit under
18 this Section shall not exceed \$1,500. For tax years thereafter,
19 the \$1,500 cap shall be increased by a percentage increase
20 equal to the percentage increase, if any, in the Consumer Price
21 Index for all Urban Consumers for the then most recently
22 compiled calendar year.

23 For each taxable year ending on or after December 31, 2014,
24 if the amount of the credit exceeds the income tax liability
25 for the applicable tax year, then the excess credit shall be
26 refunded to the taxpayer. The amount of a refund shall not be

1 included in the taxpayer's income or resources for the purposes
2 of determining eligibility or benefit level in any means-tested
3 benefit program administered by a governmental entity unless
4 required by federal law.

5 (Source: P.A. 87-17.)

6 (35 ILCS 5/212)

7 Sec. 212. Earned income tax credit.

8 (a) With respect to the federal earned income tax credit
9 allowed for the taxable year under Section 32 of the federal
10 Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer
11 is entitled to a credit against the tax imposed by subsections
12 (a) and (b) of Section 201 in an amount equal to (i) 5% of the
13 federal tax credit for each taxable year beginning on or after
14 January 1, 2000 and ending prior to December 31, 2012, (ii)
15 7.5% of the federal tax credit for each taxable year beginning
16 on or after January 1, 2012 and ending prior to December 31,
17 2013, ~~and~~ (iii) 10% of the federal tax credit for each taxable
18 year beginning on or after January 1, 2013 and beginning prior
19 to January 1, 2014, and (v) 15% of the federal tax credit for
20 each taxable year beginning on or after January 1, 2014.

21 For a non-resident or part-year resident, the amount of the
22 credit under this Section shall be in proportion to the amount
23 of income attributable to this State.

24 (b) For taxable years beginning before January 1, 2003, in
25 no event shall a credit under this Section reduce the

1 taxpayer's liability to less than zero. For each taxable year
2 beginning on or after January 1, 2003, if the amount of the
3 credit exceeds the income tax liability for the applicable tax
4 year, then the excess credit shall be refunded to the taxpayer.
5 The amount of a refund shall not be included in the taxpayer's
6 income or resources for the purposes of determining eligibility
7 or benefit level in any means-tested benefit program
8 administered by a governmental entity unless required by
9 federal law.

10 (c) This Section is exempt from the provisions of Section
11 250.

12 (Source: P.A. 97-652, eff. 6-1-12.)

13 (35 ILCS 5/901) (from Ch. 120, par. 9-901)
14 Sec. 901. Collection Authority.

15 (a) In general.

16 The Department shall collect the taxes imposed by this Act.
17 The Department shall collect certified past due child support
18 amounts under Section 2505-650 of the Department of Revenue Law
19 (20 ILCS 2505/2505-650). Except as provided in subsections (c),
20 (e), (f), and (g) of this Section, money collected pursuant to
21 subsections (a) and (b) of Section 201 of this Act shall be
22 paid into the General Revenue Fund in the State treasury; money
23 collected pursuant to subsections (c) and (d) of Section 201 of
24 this Act shall be paid into the Personal Property Tax
25 Replacement Fund, a special fund in the State Treasury; and

1 money collected under Section 2505-650 of the Department of
2 Revenue Law (20 ILCS 2505/2505-650) shall be paid into the
3 Child Support Enforcement Trust Fund, a special fund outside
4 the State Treasury, or to the State Disbursement Unit
5 established under Section 10-26 of the Illinois Public Aid
6 Code, as directed by the Department of Healthcare and Family
7 Services.

8 (b) Local Government Distributive Fund.

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

1 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,
2 and beginning July 1, 2004, zero. Beginning February 1, 2011,
3 and continuing through January 31, 2015, the Treasurer shall
4 transfer each month from the General Revenue Fund to the Local
5 Government Distributive Fund an amount equal to the sum of (i)
6 6% (10% of the ratio of the 3% individual income tax rate prior
7 to 2011 to the 5% individual income tax rate after 2010) of the
8 net revenue realized from the tax imposed by subsections (a)
9 and (b) of Section 201 of this Act upon individuals, trusts,
10 and estates during the preceding month and (ii) 6.86% (10% of
11 the ratio of the 4.8% corporate income tax rate prior to 2011
12 to the 7% corporate income tax rate after 2010) of the net
13 revenue realized from the tax imposed by subsections (a) and
14 (b) of Section 201 of this Act upon corporations during the
15 preceding month. Beginning February 1, 2015 and continuing
16 through January 31, 2025, the Treasurer shall transfer each
17 month from the General Revenue Fund to the Local Government
18 Distributive Fund an amount equal to the sum of (i) 8% (10% of
19 the ratio of the 3% individual income tax rate prior to 2011 to
20 the 3.75% individual income tax rate after 2014) of the net
21 revenue realized from the tax imposed by subsections (a) and
22 (b) of Section 201 of this Act upon individuals, trusts, and
23 estates during the preceding month and (ii) 9.14% (10% of the
24 ratio of the 4.8% corporate income tax rate prior to 2011 to
25 the 5.25% corporate income tax rate after 2014) of the net
26 revenue realized from the tax imposed by subsections (a) and

1 (b) of Section 201 of this Act upon corporations during the
2 preceding month. Beginning February 1, 2025, the Treasurer
3 shall transfer each month from the General Revenue Fund to the
4 Local Government Distributive Fund an amount equal to the sum
5 of (i) 9.23% (10% of the ratio of the 3% individual income tax
6 rate prior to 2011 to the 3.25% individual income tax rate
7 after 2024) of the net revenue realized from the tax imposed by
8 subsections (a) and (b) of Section 201 of this Act upon
9 individuals, trusts, and estates during the preceding month and
10 (ii) 10% of the net revenue realized from the tax imposed by
11 subsections (a) and (b) of Section 201 of this Act upon
12 corporations during the preceding month. Notwithstanding any
13 other provision of law, beginning on August 1, 2014 and ending
14 on August 1, 2015, each monthly transfer to the Local
15 Government Distributive Fund shall be reduced by \$20,800,000;
16 that amount shall instead be transferred to the Common School
17 Fund. Net revenue realized for a month shall be defined as the
18 revenue from the tax imposed by subsections (a) and (b) of
19 Section 201 of this Act which is deposited in the General
20 Revenue Fund, the Education Assistance Fund, the Income Tax
21 Surcharge Local Government Distributive Fund, the Fund for the
22 Advancement of Education, and the Commitment to Human Services
23 Fund during the month minus the amount paid out of the General
24 Revenue Fund in State warrants during that same month as
25 refunds to taxpayers for overpayment of liability under the tax
26 imposed by subsections (a) and (b) of Section 201 of this Act.

1 (c) Deposits Into Income Tax Refund Fund.

2 (1) Beginning on January 1, 1989 and thereafter, the
3 Department shall deposit a percentage of the amounts
4 collected pursuant to subsections (a) and (b)(1), (2), and
5 (3), of Section 201 of this Act into a fund in the State
6 treasury known as the Income Tax Refund Fund. The
7 Department shall deposit 6% of such amounts during the
8 period beginning January 1, 1989 and ending on June 30,
9 1989. Beginning with State fiscal year 1990 and for each
10 fiscal year thereafter, the percentage deposited into the
11 Income Tax Refund Fund during a fiscal year shall be the
12 Annual Percentage. For fiscal years 1999 through 2001, the
13 Annual Percentage shall be 7.1%. For fiscal year 2003, the
14 Annual Percentage shall be 8%. For fiscal year 2004, the
15 Annual Percentage shall be 11.7%. Upon the effective date
16 of this amendatory Act of the 93rd General Assembly, the
17 Annual Percentage shall be 10% for fiscal year 2005. For
18 fiscal year 2006, the Annual Percentage shall be 9.75%. For
19 fiscal year 2007, the Annual Percentage shall be 9.75%. For
20 fiscal year 2008, the Annual Percentage shall be 7.75%. For
21 fiscal year 2009, the Annual Percentage shall be 9.75%. For
22 fiscal year 2010, the Annual Percentage shall be 9.75%. For
23 fiscal year 2011, the Annual Percentage shall be 8.75%. For
24 fiscal year 2012, the Annual Percentage shall be 8.75%. For
25 fiscal year 2013, the Annual Percentage shall be 9.75%. For
26 fiscal year 2014, the Annual Percentage shall be 9.5%. For

1 all other fiscal years, the Annual Percentage shall be
2 calculated as a fraction, the numerator of which shall be
3 the amount of refunds approved for payment by the
4 Department during the preceding fiscal year as a result of
5 overpayment of tax liability under subsections (a) and
6 (b) (1), (2), and (3) of Section 201 of this Act plus the
7 amount of such refunds remaining approved but unpaid at the
8 end of the preceding fiscal year, minus the amounts
9 transferred into the Income Tax Refund Fund from the
10 Tobacco Settlement Recovery Fund, and the denominator of
11 which shall be the amounts which will be collected pursuant
12 to subsections (a) and (b) (1), (2), and (3) of Section 201
13 of this Act during the preceding fiscal year; except that
14 in State fiscal year 2002, the Annual Percentage shall in
15 no event exceed 7.6%. The Director of Revenue shall certify
16 the Annual Percentage to the Comptroller on the last
17 business day of the fiscal year immediately preceding the
18 fiscal year for which it is to be effective.

19 (2) Beginning on January 1, 1989 and thereafter, the
20 Department shall deposit a percentage of the amounts
21 collected pursuant to subsections (a) and (b) (6), (7), and
22 (8), (c) and (d) of Section 201 of this Act into a fund in
23 the State treasury known as the Income Tax Refund Fund. The
24 Department shall deposit 18% of such amounts during the
25 period beginning January 1, 1989 and ending on June 30,
26 1989. Beginning with State fiscal year 1990 and for each

1 fiscal year thereafter, the percentage deposited into the
2 Income Tax Refund Fund during a fiscal year shall be the
3 Annual Percentage. For fiscal years 1999, 2000, and 2001,
4 the Annual Percentage shall be 19%. For fiscal year 2003,
5 the Annual Percentage shall be 27%. For fiscal year 2004,
6 the Annual Percentage shall be 32%. Upon the effective date
7 of this amendatory Act of the 93rd General Assembly, the
8 Annual Percentage shall be 24% for fiscal year 2005. For
9 fiscal year 2006, the Annual Percentage shall be 20%. For
10 fiscal year 2007, the Annual Percentage shall be 17.5%. For
11 fiscal year 2008, the Annual Percentage shall be 15.5%. For
12 fiscal year 2009, the Annual Percentage shall be 17.5%. For
13 fiscal year 2010, the Annual Percentage shall be 17.5%. For
14 fiscal year 2011, the Annual Percentage shall be 17.5%. For
15 fiscal year 2012, the Annual Percentage shall be 17.5%. For
16 fiscal year 2013, the Annual Percentage shall be 14%. For
17 fiscal year 2014, the Annual Percentage shall be 13.4%. For
18 all other fiscal years, the Annual Percentage shall be
19 calculated as a fraction, the numerator of which shall be
20 the amount of refunds approved for payment by the
21 Department during the preceding fiscal year as a result of
22 overpayment of tax liability under subsections (a) and
23 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
24 Act plus the amount of such refunds remaining approved but
25 unpaid at the end of the preceding fiscal year, and the
26 denominator of which shall be the amounts which will be

1 collected pursuant to subsections (a) and (b) (6), (7), and
2 (8), (c) and (d) of Section 201 of this Act during the
3 preceding fiscal year; except that in State fiscal year
4 2002, the Annual Percentage shall in no event exceed 23%.
5 The Director of Revenue shall certify the Annual Percentage
6 to the Comptroller on the last business day of the fiscal
7 year immediately preceding the fiscal year for which it is
8 to be effective.

9 (3) The Comptroller shall order transferred and the
10 Treasurer shall transfer from the Tobacco Settlement
11 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
12 in January, 2001, (ii) \$35,000,000 in January, 2002, and
13 (iii) \$35,000,000 in January, 2003.

14 (d) Expenditures from Income Tax Refund Fund.

15 (1) Beginning January 1, 1989, money in the Income Tax
16 Refund Fund shall be expended exclusively for the purpose
17 of paying refunds resulting from overpayment of tax
18 liability under Section 201 of this Act, for paying rebates
19 under Section 208.1 in the event that the amounts in the
20 Homeowners' Tax Relief Fund are insufficient for that
21 purpose, and for making transfers pursuant to this
22 subsection (d).

23 (2) The Director shall order payment of refunds
24 resulting from overpayment of tax liability under Section
25 201 of this Act from the Income Tax Refund Fund only to the
26 extent that amounts collected pursuant to Section 201 of

1 this Act and transfers pursuant to this subsection (d) and
2 item (3) of subsection (c) have been deposited and retained
3 in the Fund.

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

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

1 Refund Fund during the fiscal year.

2 (4.5) As soon as possible after the end of fiscal year
3 1999 and of each fiscal year thereafter, the Director shall
4 order transferred and the State Treasurer and State
5 Comptroller shall transfer from the Income Tax Refund Fund
6 to the General Revenue Fund any surplus remaining in the
7 Income Tax Refund Fund as of the end of such fiscal year;
8 excluding for fiscal years 2000, 2001, and 2002 amounts
9 attributable to transfers under item (3) of subsection (c)
10 less refunds resulting from the earned income tax credit.

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

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

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

1 Beginning February 1, 1993 and continuing through June 30,
2 1993, of the amounts collected pursuant to subsections (a) and
3 (b) of Section 201 of the Illinois Income Tax Act, minus
4 deposits into the Income Tax Refund Fund, the Department shall
5 deposit 4.4% into the Income Tax Surcharge Local Government
6 Distributive Fund in the State Treasury. Beginning July 1,
7 1993, and continuing through June 30, 1994, of the amounts
8 collected under subsections (a) and (b) of Section 201 of this
9 Act, minus deposits into the Income Tax Refund Fund, the
10 Department shall deposit 1.475% into the Income Tax Surcharge
11 Local Government Distributive Fund in the State Treasury.

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

19 (1) beginning February 1, 2015, and prior to February
20 1, 2025, 1/30; and

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

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

26 (g) Deposits into the Commitment to Human Services Fund.

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

7 (1) beginning February 1, 2015, and prior to February
8 1, 2025, 1/30; and

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

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

16 Section 20. The Retailers' Occupation Tax Act is amended by
17 changing Sections 1 and 2 as follows:

18 (35 ILCS 120/1) (from Ch. 120, par. 440)

19 Sec. 1. Definitions. "Sale at retail" means any transfer of
20 the ownership of or title to tangible personal property to a
21 purchaser, for the purpose of use or consumption, and not for
22 the purpose of resale in any form as tangible personal property
23 to the extent not first subjected to a use for which it was
24 purchased, for a valuable consideration: Provided that the

1 property purchased is deemed to be purchased for the purpose of
2 resale, despite first being used, to the extent to which it is
3 resold as an ingredient of an intentionally produced product or
4 byproduct of manufacturing. For this purpose, slag produced as
5 an incident to manufacturing pig iron or steel and sold is
6 considered to be an intentionally produced byproduct of
7 manufacturing. Transactions whereby the possession of the
8 property is transferred but the seller retains the title as
9 security for payment of the selling price shall be deemed to be
10 sales.

11 "Sale at retail" shall be construed to include any transfer
12 of the ownership of or title to tangible personal property to a
13 purchaser, for use or consumption by any other person to whom
14 such purchaser may transfer the tangible personal property
15 without a valuable consideration, and to include any transfer,
16 whether made for or without a valuable consideration, for
17 resale in any form as tangible personal property unless made in
18 compliance with Section 2c of this Act.

19 Sales of tangible personal property, which property, to the
20 extent not first subjected to a use for which it was purchased,
21 as an ingredient or constituent, goes into and forms a part of
22 tangible personal property subsequently the subject of a "Sale
23 at retail", are not sales at retail as defined in this Act:
24 Provided that the property purchased is deemed to be purchased
25 for the purpose of resale, despite first being used, to the
26 extent to which it is resold as an ingredient of an

1 intentionally produced product or byproduct of manufacturing.

2 "Sale at retail" includes all of the following services, as
3 enumerated in the North American Industry Classification
4 System Manual (NAICS), 2012, prepared by the United States
5 Office of Management and Budget:

6 (1) Other warehousing and storage (household and
7 specialty goods) (493190).

8 (2) Travel agent services (561510).

9 (3) Carpet and upholstery cleaning services (561740).

10 (4) Dating services (812990).

11 (5) Dry cleaning and laundry, except coin-operated
12 (81232).

13 (6) Consumer goods rental (5322).

14 (7) Health clubs, tanning parlors, reducing salons
15 (812191).

16 (8) Linen supply (812331).

17 (9) Interior design services (541410).

18 (10) Other business services, including copy shops
19 (561439).

20 (11) Bowling Centers (713950).

21 (12) Coin operated video games and pinball machines
22 (713120).

23 (13) Membership fees in private clubs (713910).

24 (14) Admission to spectator sports (excluding horse
25 tracks) (711211).

26 (15) Admission to cultural events (711110).

- 1 (16) Billiard Parlors (71399).
- 2 (17) Scenic and sightseeing transportation (487110).
- 3 (18) Taxi and Limousine services (485320).
- 4 (19) Unscheduled chartered passenger air
5 transportation (481211).
- 6 (20) Motion picture theaters, except drive-in theaters
7 (512131).
- 8 (21) Pet grooming (812910).
- 9 (22) Landscaping services (including lawn care)
10 (561730).
- 11 (23) Income from intrastate transportation of persons
12 (485).
- 13 (24) Mini-storage (531130).
- 14 (25) Household goods storage (493110).
- 15 (26) Cold storage (493120).
- 16 (27) Marina Service (docking, storage, cleaning,
17 repair) (713930).
- 18 (28) Marine towing service (including tugboats)
19 (488330).
- 20 (29) Gift and package wrapping service (561916).
- 21 (30) Laundry and dry cleaning services, coin-operated
22 (812310).
- 23 (31) Other services to buildings and dwellings
24 (561790).
- 25 (32) Water softening and conditioning (561990).
- 26 (33) Internet Service Providers (517).

- 1 (34) Short term auto rental (532111).
2 (35) Information Services (519190).
3 (36) Amusement park admission and rides (713110).
4 (37) Circuses and fairs -- admission and games (7113).
5 (38) Cable and other program distribution (515210).
6 (39) Rental of video tapes for home viewing (532230).

7 "Sale at retail" shall be construed to include any Illinois
8 florist's sales transaction in which the purchase order is
9 received in Illinois by a florist and the sale is for use or
10 consumption, but the Illinois florist has a florist in another
11 state deliver the property to the purchaser or the purchaser's
12 donee in such other state.

13 Nonreusable tangible personal property that is used by
14 persons engaged in the business of operating a restaurant,
15 cafeteria, or drive-in is a sale for resale when it is
16 transferred to customers in the ordinary course of business as
17 part of the sale of food or beverages and is used to deliver,
18 package, or consume food or beverages, regardless of where
19 consumption of the food or beverages occurs. Examples of those
20 items include, but are not limited to nonreusable, paper and
21 plastic cups, plates, baskets, boxes, sleeves, buckets or other
22 containers, utensils, straws, placemats, napkins, doggie bags,
23 and wrapping or packaging materials that are transferred to
24 customers as part of the sale of food or beverages in the
25 ordinary course of business.

26 The purchase, employment and transfer of such tangible

1 personal property as newsprint and ink for the primary purpose
2 of conveying news (with or without other information) is not a
3 purchase, use or sale of tangible personal property.

4 A person whose activities are organized and conducted
5 primarily as a not-for-profit service enterprise, and who
6 engages in selling tangible personal property at retail
7 (whether to the public or merely to members and their guests)
8 is engaged in the business of selling tangible personal
9 property at retail with respect to such transactions, excepting
10 only a person organized and operated exclusively for
11 charitable, religious or educational purposes either (1), to
12 the extent of sales by such person to its members, students,
13 patients or inmates of tangible personal property to be used
14 primarily for the purposes of such person, or (2), to the
15 extent of sales by such person of tangible personal property
16 which is not sold or offered for sale by persons organized for
17 profit. The selling of school books and school supplies by
18 schools at retail to students is not "primarily for the
19 purposes of" the school which does such selling. The provisions
20 of this paragraph shall not apply to nor subject to taxation
21 occasional dinners, socials or similar activities of a person
22 organized and operated exclusively for charitable, religious
23 or educational purposes, whether or not such activities are
24 open to the public.

25 A person who is the recipient of a grant or contract under
26 Title VII of the Older Americans Act of 1965 (P.L. 92-258) and

1 serves meals to participants in the federal Nutrition Program
2 for the Elderly in return for contributions established in
3 amount by the individual participant pursuant to a schedule of
4 suggested fees as provided for in the federal Act is not
5 engaged in the business of selling tangible personal property
6 at retail with respect to such transactions.

7 "Purchaser" means anyone who, through a sale at retail,
8 acquires the ownership of or title to tangible personal
9 property for a valuable consideration.

10 "Reseller of motor fuel" means any person engaged in the
11 business of selling or delivering or transferring title of
12 motor fuel to another person other than for use or consumption.
13 No person shall act as a reseller of motor fuel within this
14 State without first being registered as a reseller pursuant to
15 Section 2c or a retailer pursuant to Section 2a.

16 "Selling price" or the "amount of sale" means the
17 consideration for a sale valued in money whether received in
18 money or otherwise, including cash, credits, property, other
19 than as hereinafter provided, and services, but not including
20 the value of or credit given for traded-in tangible personal
21 property where the item that is traded-in is of like kind and
22 character as that which is being sold, and shall be determined
23 without any deduction on account of the cost of the property
24 sold, the cost of materials used, labor or service cost or any
25 other expense whatsoever, but does not include charges that are
26 added to prices by sellers on account of the seller's tax

1 liability under this Act, or on account of the seller's duty to
2 collect, from the purchaser, the tax that is imposed by the Use
3 Tax Act, or, except as otherwise provided with respect to any
4 cigarette tax imposed by a home rule unit, on account of the
5 seller's tax liability under any local occupation tax
6 administered by the Department, or, except as otherwise
7 provided with respect to any cigarette tax imposed by a home
8 rule unit on account of the seller's duty to collect, from the
9 purchasers, the tax that is imposed under any local use tax
10 administered by the Department. Effective December 1, 1985,
11 "selling price" shall include charges that are added to prices
12 by sellers on account of the seller's tax liability under the
13 Cigarette Tax Act, on account of the sellers' duty to collect,
14 from the purchaser, the tax imposed under the Cigarette Use Tax
15 Act, and on account of the seller's duty to collect, from the
16 purchaser, any cigarette tax imposed by a home rule unit.

17 The phrase "like kind and character" shall be liberally
18 construed (including but not limited to any form of motor
19 vehicle for any form of motor vehicle, or any kind of farm or
20 agricultural implement for any other kind of farm or
21 agricultural implement), while not including a kind of item
22 which, if sold at retail by that retailer, would be exempt from
23 retailers' occupation tax and use tax as an isolated or
24 occasional sale.

25 "Gross receipts" from the sales of tangible personal
26 property at retail means the total selling price or the amount

1 of such sales, as hereinbefore defined. In the case of charge
2 and time sales, the amount thereof shall be included only as
3 and when payments are received by the seller. Receipts or other
4 consideration derived by a seller from the sale, transfer or
5 assignment of accounts receivable to a wholly owned subsidiary
6 will not be deemed payments prior to the time the purchaser
7 makes payment on such accounts.

8 "Department" means the Department of Revenue.

9 "Person" means any natural individual, firm, partnership,
10 association, joint stock company, joint adventure, public or
11 private corporation, limited liability company, or a receiver,
12 executor, trustee, guardian or other representative appointed
13 by order of any court.

14 The isolated or occasional sale of tangible personal
15 property at retail by a person who does not hold himself out as
16 being engaged (or who does not habitually engage) in selling
17 such tangible personal property at retail, or a sale through a
18 bulk vending machine, does not constitute engaging in a
19 business of selling such tangible personal property at retail
20 within the meaning of this Act; provided that any person who is
21 engaged in a business which is not subject to the tax imposed
22 by this Act because of involving the sale of or a contract to
23 sell real estate or a construction contract to improve real
24 estate or a construction contract to engineer, install, and
25 maintain an integrated system of products, but who, in the
26 course of conducting such business, transfers tangible

1 personal property to users or consumers in the finished form in
2 which it was purchased, and which does not become real estate
3 or was not engineered and installed, under any provision of a
4 construction contract or real estate sale or real estate sales
5 agreement entered into with some other person arising out of or
6 because of such nontaxable business, is engaged in the business
7 of selling tangible personal property at retail to the extent
8 of the value of the tangible personal property so transferred.
9 If, in such a transaction, a separate charge is made for the
10 tangible personal property so transferred, the value of such
11 property, for the purpose of this Act, shall be the amount so
12 separately charged, but not less than the cost of such property
13 to the transferor; if no separate charge is made, the value of
14 such property, for the purposes of this Act, is the cost to the
15 transferor of such tangible personal property. Construction
16 contracts for the improvement of real estate consisting of
17 engineering, installation, and maintenance of voice, data,
18 video, security, and all telecommunication systems do not
19 constitute engaging in a business of selling tangible personal
20 property at retail within the meaning of this Act if they are
21 sold at one specified contract price.

22 A person who holds himself or herself out as being engaged
23 (or who habitually engages) in selling tangible personal
24 property at retail is a person engaged in the business of
25 selling tangible personal property at retail hereunder with
26 respect to such sales (and not primarily in a service

1 occupation) notwithstanding the fact that such person designs
2 and produces such tangible personal property on special order
3 for the purchaser and in such a way as to render the property
4 of value only to such purchaser, if such tangible personal
5 property so produced on special order serves substantially the
6 same function as stock or standard items of tangible personal
7 property that are sold at retail.

8 Persons who engage in the business of transferring tangible
9 personal property upon the redemption of trading stamps are
10 engaged in the business of selling such property at retail and
11 shall be liable for and shall pay the tax imposed by this Act
12 on the basis of the retail value of the property transferred
13 upon redemption of such stamps.

14 "Bulk vending machine" means a vending machine, containing
15 unsorted confections, nuts, toys, or other items designed
16 primarily to be used or played with by children which, when a
17 coin or coins of a denomination not larger than \$0.50 are
18 inserted, are dispensed in equal portions, at random and
19 without selection by the customer.

20 (Source: P.A. 95-723, eff. 6-23-08.)

21 (35 ILCS 120/2) (from Ch. 120, par. 441)

22 Sec. 2. Tax imposed. A tax is imposed upon persons engaged
23 in the business of selling at retail tangible personal
24 property, including computer software, and including
25 photographs, negatives, and positives that are the product of

1 photoprocessing, but not including products of photoprocessing
2 produced for use in motion pictures for public commercial
3 exhibition, or engaged in the business of providing services as
4 set forth in in Section 1 of this Act. Beginning January 1,
5 2001, prepaid telephone calling arrangements shall be
6 considered tangible personal property subject to the tax
7 imposed under this Act regardless of the form in which those
8 arrangements may be embodied, transmitted, or fixed by any
9 method now known or hereafter developed. Sales of (1)
10 electricity delivered to customers by wire; (2) natural or
11 artificial gas that is delivered to customers through pipes,
12 pipelines, or mains; and (3) water that is delivered to
13 customers through pipes, pipelines, or mains are not subject to
14 tax under this Act. The provisions of this amendatory Act of
15 the 98th General Assembly are declaratory of existing law as to
16 the meaning and scope of this Act.

17 (Source: P.A. 98-583, eff. 1-1-14.)

18 Section 25. The School Code is amended by changing Sections
19 1C-2, 2-3.25c, 2-3.25d, 3-7, 10-17a, 10-22.45, 18-8.05, 19-3,
20 21A-5, 21A-10, 21A-15, 21A-20, 21A-25, 21A-30, 23-3, 23-6, and
21 29-5 and by adding Sections 2-3.25d-5, 2-3.160, 2-3.161,
22 2-3.162, 2-3.163, 2-3.164, 10-16.10, 10-17b, 10-17c, 10-17d,
23 10-20.56, 17-2.11d, 21A-3, and 23-5.5 as follows:

24 (105 ILCS 5/1C-2)

1 Sec. 1C-2. Block grants.

2 (a) For fiscal year 1999, and each fiscal year thereafter,
3 the State Board of Education shall award to school districts
4 block grants as described in subsection (c). The State Board of
5 Education may adopt rules and regulations necessary to
6 implement this Section. In accordance with Section 2-3.32, all
7 state block grants are subject to an audit. Therefore, block
8 grant receipts and block grant expenditures shall be recorded
9 to the appropriate fund code.

10 (b) (Blank).

11 (c) An Early Childhood Education Block Grant shall be
12 created by combining the following programs: Preschool
13 Education, Parental Training and Prevention Initiative. These
14 funds shall be distributed to school districts and other
15 entities on a competitive basis. Not less than 11% of this
16 grant shall be used to fund programs for children ages 0-3,
17 which percentage shall increase to at least 20% by Fiscal Year
18 2015. However, if, in a given fiscal year, the amount
19 appropriated for the Early Childhood Education Block Grant is
20 insufficient to increase the percentage of the grant to fund
21 programs for children ages 0-3 without reducing the amount of
22 the grant for existing providers of preschool education
23 programs, then the percentage of the grant to fund programs for
24 children ages 0-3 may be held steady instead of increased.

25 (d) For fiscal year 2015, the General Assembly shall
26 appropriate no less than \$380,261,400 to the Early Childhood

1 Education Block Grant for the programs specified in subsection
2 (c) of this Section.

3 (Source: P.A. 95-793, eff. 1-1-09; 96-423, eff. 8-13-09.)

4 (105 ILCS 5/2-3.25c) (from Ch. 122, par. 2-3.25c)

5 Sec. 2-3.25c. Financial and other awards ~~Rewards and~~
6 ~~acknowledgements.~~

7 (a) The State Board of Education shall implement a system
8 of rewards for school districts, and the schools themselves,
9 whose students and schools consistently meet adequate yearly
10 progress criteria for 2 or more consecutive years and a system
11 to acknowledge schools and districts that meet adequate yearly
12 progress criteria in a given year as specified in Section
13 2-3.25d of this Code.

14 (b) Financial awards shall be provided to the schools that
15 the State Superintendent of Education determines have
16 demonstrated the greatest improvement in achieving the
17 education goals of improved student achievement and improved
18 school completion, subject to appropriation by the General
19 Assembly and any limitation set by the State Superintendent on
20 the total amount that may be awarded to a school or school
21 district; provided that such financial awards must not be used
22 to enhance the compensation of staff in school districts having
23 a population not exceeding 500,000.

24 (c) The State Superintendent of Education may present
25 proclamations or certificates to schools and school systems

1 determined to have met or exceeded the State's education goals
2 under Section 2-3.64 of this Code.

3 (d) The Education Financial Award System Fund is created as
4 a special fund in the State treasury. All money in the Fund
5 shall be used, subject to appropriation, by the State Board of
6 Education for the purpose of funding financial awards under
7 this Section. The Fund shall consist of all moneys appropriated
8 to the fund by the General Assembly and any gifts, grants,
9 donations, and other moneys received by the State Board of
10 Education for implementation of the awards system.

11 Any unexpended or unencumbered moneys remaining in the
12 Education Financial Award System Fund at the end of a fiscal
13 year shall remain in the Fund and shall not revert or be
14 credited or transferred to the General Revenue Fund nor be
15 transferred to any other fund. Any interest derived from the
16 deposit and investment of moneys in the Education Financial
17 Award System Fund shall remain in the Fund and shall not be
18 credited to the General Revenue Fund. The Education Financial
19 Award System Fund must be appropriated and expended only for
20 the awards system. The awards are subject to audit requirements
21 established by the State Board of Education.

22 (e) If a school or school district meets adequate yearly
23 progress criteria for 2 consecutive school years, that school
24 or district shall be exempt from review and approval of its
25 improvement plan for the next 2 succeeding school years.

26 (Source: P.A. 93-470, eff. 8-8-03.)

1 (105 ILCS 5/2-3.25d) (from Ch. 122, par. 2-3.25d)

2 Sec. 2-3.25d. Academic early warning and watch status.

3 (a) Beginning with the 2005-2006 school year, unless the
4 federal government formally disapproves of such policy through
5 the submission and review process for the Illinois
6 Accountability Workbook, those schools that do not meet
7 adequate yearly progress criteria for 2 consecutive annual
8 calculations in the same subject or in their participation
9 rate, attendance rate, or graduation rate shall be placed on
10 academic early warning status for the next school year. Schools
11 on academic early warning status that do not meet adequate
12 yearly progress criteria for a third annual calculation in the
13 same subject or in their participation rate, attendance rate,
14 or graduation rate shall remain on academic early warning
15 status. Schools on academic early warning status that do not
16 meet adequate yearly progress criteria for a fourth annual
17 calculation in the same subject or in their participation rate,
18 attendance rate, or graduation rate shall be placed on initial
19 academic watch status. Schools on academic watch status that do
20 not meet adequate yearly progress criteria for a fifth or
21 subsequent annual calculation in the same subject or in their
22 participation rate, attendance rate, or graduation rate shall
23 remain on academic watch status. Schools on academic early
24 warning or academic watch status that meet adequate yearly
25 progress criteria for 2 consecutive calculations shall be

1 considered as having met expectations and shall be removed from
2 any status designation.

3 The school district of a school placed on either academic
4 early warning status or academic watch status may appeal the
5 status to the State Board of Education in accordance with
6 Section 2-3.25m of this Code.

7 A school district that has one or more schools on academic
8 early warning or academic watch status shall prepare a revised
9 School Improvement Plan or amendments thereto setting forth the
10 district's expectations for removing each school from academic
11 early warning or academic watch status and for improving
12 student performance in the affected school or schools.
13 Districts operating under Article 34 of this Code may prepare
14 the School Improvement Plan required under Section 34-2.4 of
15 this Code.

16 The revised School Improvement Plan for a school that is
17 initially placed on academic early warning status or that
18 remains on academic early warning status after a third annual
19 calculation must be approved by the school board (and by the
20 school's local school council in a district operating under
21 Article 34 of this Code, unless the school is on probation
22 pursuant to subsection (c) of Section 34-8.3 of this Code).

23 The revised School Improvement Plan for a school that is
24 initially placed on academic watch status after a fourth annual
25 calculation must be approved by the school board (and by the
26 school's local school council in a district operating under

1 Article 34 of this Code, unless the school is on probation
2 pursuant to subsection (c) of Section 34-8.3 of this Code).

3 The revised School Improvement Plan for a school that
4 remains on academic watch status after a fifth annual
5 calculation must be approved by the school board (and by the
6 school's local school council in a district operating under
7 Article 34 of this Code, unless the school is on probation
8 pursuant to subsection (c) of Section 34-8.3 of this Code). In
9 addition, the district must develop a school restructuring plan
10 for the school that must be approved by the school board (and
11 by the school's local school council in a district operating
12 under Article 34 of this Code).

13 A school on academic watch status that does not meet
14 adequate yearly progress criteria for a sixth annual
15 calculation shall implement its approved school restructuring
16 plan beginning with the next school year, subject to the State
17 interventions specified in Section 2-3.25f of this Code.

18 (b) Beginning with the 2005-2006 school year, unless the
19 federal government formally disapproves of such policy through
20 the submission and review process for the Illinois
21 Accountability Workbook, those school districts that do not
22 meet adequate yearly progress criteria for 2 consecutive annual
23 calculations in the same subject or in their participation
24 rate, attendance rate, or graduation rate shall be placed on
25 academic early warning status for the next school year.
26 Districts on academic early warning status that do not meet

1 adequate yearly progress criteria for a third annual
2 calculation in the same subject or in their participation rate,
3 attendance rate, or graduation rate shall remain on academic
4 early warning status. Districts on academic early warning
5 status that do not meet adequate yearly progress criteria for a
6 fourth annual calculation in the same subject or in their
7 participation rate, attendance rate, or graduation rate shall
8 be placed on initial academic watch status. Districts on
9 academic watch status that do not meet adequate yearly progress
10 criteria for a fifth or subsequent annual calculation in the
11 same subject or in their participation rate, attendance rate,
12 or graduation rate shall remain on academic watch status.
13 Districts on academic early warning or academic watch status
14 that meet adequate yearly progress criteria for one annual
15 calculation shall be considered as having met expectations and
16 shall be removed from any status designation.

17 A district placed on either academic early warning status
18 or academic watch status may appeal the status to the State
19 Board of Education in accordance with Section 2-3.25m of this
20 Code.

21 Districts on academic early warning or academic watch
22 status shall prepare a District Improvement Plan or amendments
23 thereto setting forth the district's expectations for removing
24 the district from academic early warning or academic watch
25 status and for improving student performance in the district.

26 All District Improvement Plans must be approved by the

1 school board.

2 (c) All new and revised School and District Improvement
3 Plans shall be developed in collaboration with parents, staff
4 in the affected school or school district, and outside experts.
5 All revised School and District Improvement Plans shall be
6 developed, submitted, and monitored pursuant to rules adopted
7 by the State Board of Education. The ~~revised~~ Improvement Plan
8 shall address measurable outcomes for improving student
9 performance so that such performance meets adequate yearly
10 progress criteria as specified by the State Board of Education
11 and shall include a staff professional development plan
12 developed in cooperation with staff. All school districts
13 required to revise a School Improvement Plan in accordance with
14 this Section shall establish a peer review process for the
15 evaluation of School Improvement Plans.

16 (d) All federal requirements apply to schools and school
17 districts utilizing federal funds under Title I, Part A of the
18 federal Elementary and Secondary Education Act of 1965.

19 (e) The State Board of Education, from any moneys it may
20 have available for this purpose, must implement and administer
21 a grant program that provides 2-year grants to school districts
22 on the academic watch list and other school districts that have
23 the lowest achieving students, as determined by the State Board
24 of Education, to be used to improve student achievement. In
25 order to receive a grant under this program, a school district
26 must establish an accountability program. The accountability

1 program must involve the use of statewide testing standards and
2 local evaluation measures. A grant shall be automatically
3 renewed when achievement goals are met. The Board may adopt any
4 rules necessary to implement and administer this grant program.

5 (f) In addition to any moneys available under subsection
6 (e) of this Section, a school district required to maintain
7 School and District Improvement Plans under this Section,
8 including a school district organized under Article 34 of this
9 Code, shall annually receive from the State, subject to
10 appropriation, an amount equal to \$150 times the number of
11 full-time certified teachers and administrators it employs for
12 developing and implementing its mandatory School and District
13 Improvement Plans, including its staff professional
14 development plan.

15 (Source: P.A. 96-734, eff. 8-25-09.)

16 (105 ILCS 5/2-3.25d-5 new)

17 Sec. 2-3.25d-5. Educational improvement plan.

18 (a) Except for school districts required to develop School
19 and District Improvement Plans under Section 2-3.25d of this
20 Code, each school district shall develop, in compliance with
21 rules promulgated by the State Board of Education, an
22 educational improvement plan that must include (i) measures for
23 improving school district, school building, and individual
24 student performance and (ii) a staff professional development
25 plan developed at least in cooperation with staff or, if

1 applicable, the exclusive bargaining representatives of the
2 staff. The district shall develop the educational improvement
3 plan in collaboration with parents, staff, and the staff's
4 exclusive bargaining representatives, if any.

5 (105 ILCS 5/2-3.160 new)

6 Sec. 2-3.160. The Digital Learning Technology Grant
7 Program.

8 (a) As used in this Section, unless the context otherwise
9 requires, "information technology education" means education
10 in the development, design, use, maintenance, repair, and
11 application of information technology systems or equipment,
12 including, but not limited to, computers, the Internet,
13 telecommunications devices and networks, and multi-media
14 techniques.

15 (b) There is created the Digital Learning Technology Grant
16 Program to provide money to school districts and charter
17 schools to use in integrating information technology and
18 scientific equipment as tools to measurably improve teaching
19 and learning in grades 9 through 12 in this State's public
20 schools. The State Board of Education shall administer the
21 grant program through the acceptance, review, and
22 recommendation of applications submitted pursuant to this
23 Section.

24 (c) Grants awarded through the grant program created under
25 this Section shall continue for 4 fiscal years and may be

1 renewed as provided by rule of the State Board of Education.
2 Grants awarded through the program shall be paid out of any
3 money appropriated or credited to the Digital Learning
4 Technology Grant Fund. A school district or charter school
5 shall use any moneys obtained through the grant program to
6 integrate information technology education into the 9th grade
7 through 12th grade curriculum. In the case of a school
8 district, such integration shall be accomplished in one or more
9 public schools in the district. The school district or charter
10 school may contract with one or more private entities for
11 assistance in integrating information technology education
12 into the curriculum. In addition, school districts and charter
13 schools are encouraged to partner with businesses for
14 assistance in integrating information technology education
15 into the curriculum.

16 (d) The State Board of Education shall adopt rules for the
17 administration and implementation of the grant program created
18 under this Section. Subject to appropriation, the grants shall
19 be awarded through the program for the 2015-2016 school year
20 and annually thereafter.

21 (e) Any school district or charter school that seeks to
22 participate in the grant program created under this Section
23 shall submit an application to the State Board of Education in
24 the form and according to the deadlines established by rule of
25 the State Board of Education. The application shall include the
26 following information:

1 (1) if the applicant is a school district, the names of
2 the schools that will receive the benefits of the grant;

3 (2) the current level of information technology
4 education integration at the recipient schools;

5 (3) the school district's or charter school's plan for
6 integrating information technology education into the 9th
7 grade through 12th grade curriculum, including any
8 specific method or program to be used, and any entities
9 with whom the school district or charter school plans to
10 contract or cooperate in achieving the integration;

11 (4) the specific, measurable goals to be achieved and
12 the actual deliverables to be produced through the
13 integration of information technology education into the
14 curriculum, a deadline for achieving those goals, and a
15 proposed method of measuring whether the goals were
16 achieved;

17 (5) any businesses with which the school district or
18 charter school has partnered to improve the availability
19 and integration of information technology education within
20 the curriculum; and

21 (6) any other information that may be specified by rule
22 of the State Board of Education.

23 (f) In recommending and awarding grants through the
24 program, the State Board of Education shall consider the
25 following criteria:

26 (1) the degree to which information technology

1 education is already integrated into the curriculum of the
2 applying school district or charter school to ensure that
3 those school districts and charter schools with the least
4 degree of integration receive the grants first;

5 (2) the degree to which the applicant's proposed plan
6 for using the grant moneys will result in integration of
7 information technology tools and scientific equipment in a
8 manner that measurably improves teaching and learning;

9 (3) the validity, clarity, and measurability of the
10 goals established by the applicant and the validity of the
11 proposed methods for measuring achievement of the goals;

12 (4) the accountability system of specific measures and
13 deliverables to determine a baseline and annually assess
14 improvements in teaching and learning;

15 (5) any other financial resources available to the
16 applicant for integrating information technology education
17 into the curriculum;

18 (6) the degree to which the applicant is cooperating or
19 partnering with businesses to improve the availability and
20 integration of information technology education in the
21 curriculum; the State Board of Education shall apply this
22 criteria with the goal of encouraging such partnerships;

23 (7) the strength and capacity of the applicant to
24 collaborate with the science, technology, engineering and
25 mathematics education center network under Section 4.5 of
26 the Illinois Mathematics and Science Academy Law and to

1 provide open source networking with other public schools in
2 this State; and

3 (8) any other criteria established by rule of the State
4 Board of Education to ensure that grants are awarded to
5 school districts and charter schools that demonstrate the
6 greatest need and the most valid, effective plan for
7 integrating information technology education into the
8 curriculum.

9 (g) In awarding grants through the grant program, the State
10 Board of Education shall ensure, to the extent possible, that
11 the grants are awarded to school districts and charter schools
12 in all areas of this State.

13 (h) Nothing in this Section shall be construed to limit or
14 otherwise affect any school district's ability to enter into an
15 agreement with or receive funds from any private entity.

16 (i) Each school district and charter school that receives a
17 grant through the grant program created under this Section
18 shall, by August 1 of the school year for which the grant was
19 awarded, submit to the State Board of Education a report
20 specifying the following information:

21 (1) the manner in which the grant moneys were used;

22 (2) the progress made toward achieving the goals
23 specified in the grant recipient's application;

24 (3) any additional entities and businesses with whom
25 the grant recipient has contracted or partnered with the
26 goal of achieving greater integration of information

1 technology education in the 9th grade through 12th grade
2 curriculum;

3 (4) the recipient school district's and charter
4 school's plan for continuing the integration of
5 information technology education into the curriculum,
6 regardless of whether the grant is renewed; and

7 (5) any other information specified by rule of the
8 State Board of Education.

9 (j) Notwithstanding subsection (i) of this Section, a
10 recipient school need not submit a report for any academic year
11 in which no grants are made through the grant program.

12 (k) The Digital Learning Technology Grant Fund is created
13 as a special fund in the State treasury. All money in the Fund
14 shall be used, subject to appropriation, by the State Board of
15 Education for the purpose of funding grants under this Section.

16 (l) The State Board of Education may solicit and accept
17 money in the form of gifts, contributions, and grants to be
18 deposited into the Digital Learning Technology Grant Fund. The
19 acceptance of federal grants for purposes of this Section does
20 not commit State funds nor place an obligation upon the General
21 Assembly to continue the purposes for which the federal funds
22 are made available.

23 (105 ILCS 5/2-3.161 new)

24 Sec. 2-3.161. Best practices clearinghouse.

25 (a) Beginning July 1, 2015 and subject to appropriation,

1 the State Board of Education shall establish an online
2 clearinghouse of information relating to best practices of
3 campuses and school districts regarding instruction, public
4 school finance, resource allocation, and business practices.
5 To the extent practicable, the State Board of Education shall
6 ensure that information provided through the online
7 clearinghouse is specific, actionable information relating to
8 the best practices of high-performing and highly efficient
9 school districts rather than general guidelines relating to
10 school district operation. The information must be accessible
11 by school districts and interested members of the public.

12 (b) The State Board of Education shall solicit and collect
13 from exemplary or recognized school districts, charter
14 schools, and other institutions determined by the State Board
15 of Education examples of best practices relating to
16 instruction, public school finance, resource allocation, and
17 business practices, including best practices relating to
18 curriculum, scope and sequence, compensation and incentive
19 systems, bilingual education and special language programs,
20 compensatory education programs, and the effective use of
21 instructional technology, including online courses.

22 (c) The State Board of Education may contract for the
23 services of one or more third-party contractors to develop,
24 implement, and maintain a system of collecting and evaluating
25 the best practices of campuses and school districts as provided
26 by this Section. In addition to any other considerations

1 required by law, the State Board of Education must consider an
2 applicant's demonstrated competence and qualifications in
3 analyzing school district practices in awarding a contract
4 under this subsection (c).

5 (d) The State Board of Education may purchase from
6 available funds curriculum and other instructional tools
7 identified under this Section to provide for use by school
8 districts.

9 (105 ILCS 5/2-3.162 new)

10 Sec. 2-3.162. The Science, Technology, Engineering, and
11 Mathematics Education Center Grant Program.

12 (a) As used in this Section, unless the context otherwise
13 requires:

14 "Grant program" means the science, technology,
15 engineering, and mathematics education center grant program
16 created in this Section.

17 "Science, technology, engineering, and mathematics
18 education" or "STEM" means learning experiences that integrate
19 innovative curricular, instructional, and assessment
20 strategies and materials, laboratory and mentorship
21 experiences, and authentic inquiry-based and problem centered
22 instruction to stimulate learning in the areas of science,
23 technology, engineering, and mathematics.

24 "Science, technology, engineering, and mathematics
25 education innovation center" means a center operated by a

1 school district, a charter school, the Illinois Mathematics and
2 Science Academy, or a joint collaborative partnership that
3 provides STEM teaching and learning experiences, materials,
4 laboratory and mentorship experiences, and educational
5 seminars, institutes or workshops for students and teachers.

6 (b) Subject to appropriation, the Illinois Mathematics and
7 Science Academy, in consultation and partnership with the State
8 Board of Education, the Board of Higher Education, the business
9 community, the entrepreneurial technology community, and
10 professionals, including teachers, in the field of science,
11 technology, engineering, and mathematics shall create a
12 strategic plan for developing a whole systems approach to
13 redesigning prekindergarten through grade 12 STEM education in
14 this State, including, but not limited to, designing and
15 creating integrative teaching and learning networks among
16 science, technology, engineering, and mathematics innovation
17 education centers, university and corporate research
18 facilities, and established STEM laboratories, businesses, and
19 the Illinois Mathematics and Science Academy.

20 (c) At a minimum, the plan shall provide direction for
21 program design and development, including the following:

22 (1) continuous generation and sharing of curricular,
23 instructional, assessment, and program development
24 materials and information about STEM teaching and learning
25 throughout the network;

26 (2) identification of curricular, instructional, and

1 assessment goals that reflect the research in cognition and
2 the development of creativity in STEM fields and the
3 systemic changes in STEM education, so as to be consistent
4 with inquiry-based and problem-centered instruction in
5 science, technology, engineering, and mathematics. Such
6 goals shall also reflect current frameworks, standards,
7 and guidelines, such as those defined by the National
8 Research Council (National Academy of Science), the
9 American Association for the Advancement of Science, the
10 National Council of Teachers of Mathematics, the National
11 Science Teachers Association, and professional
12 associations in STEM fields;

13 (3) identification of essential teacher competencies
14 and a comprehensive plan for recruiting, mentoring, and
15 retaining STEM teachers, especially those in
16 under-resourced schools and school districts; creation of
17 a community of practice among STEM center educators and
18 other teachers of science, technology, engineering, and
19 mathematics as part of a network of promising practices in
20 teaching; and the establishment of recruitment, mentoring,
21 and retention plans for Golden Apple teachers in STEM
22 fields and Illinois STEM teachers who have received
23 national board certification and are also part of the STEM
24 innovation network;

25 (4) a statement of desired competencies for STEM
26 learning by students;

1 (5) a description of recommended courses of action to
2 improve educational experiences, programs, practices, and
3 service;

4 (6) the improvement of access and availability of STEM
5 courses, especially for rural school districts and
6 particularly to those groups which are traditionally
7 underrepresented through the Illinois Virtual High School;
8 the plan shall include goals for using telecommunications
9 facilities as recommended by a telecommunications advisory
10 commission;

11 (7) expectations and guidelines for designing and
12 developing a dynamic, creative, and engaged teaching
13 network;

14 (8) a description of the laboratory and incubator model
15 for the STEM centers;

16 (9) support for innovation and entrepreneurship in
17 curriculum, instruction, assessment, and professional
18 development; and

19 (10) cost estimates.

20 (d) The plan shall provide a framework that enables the
21 teachers, school districts, and institutions of higher
22 education to operate as an integrated system. The plan shall
23 provide innovative mechanisms and incentives to the following:

24 (1) educational providers, as well as professional
25 associations, business and university partners, and
26 educational receivers (students and teachers) at the

1 prekindergarten through grade 12 and postsecondary levels
2 to design and implement innovative curricula, including
3 experiences, mentorships, institutes, and seminars and to
4 develop new materials and activities for these;

5 (2) course providers and receivers for leveraging
6 distance learning technologies through the Illinois
7 Virtual High School and applying distance learning
8 instructional design techniques, taking into consideration
9 the work of a telecommunications advisory commission;

10 (3) prekindergarten through grade 12 teachers to
11 encourage them to take graduate STEM courses and degree
12 programs; such incentives may include a tuition matching
13 program;

14 (4) appropriate State agencies, federal agencies,
15 professional organizations, public television stations,
16 and businesses and industries to involve them in the
17 development of the strategic plan; and

18 (5) businesses, industries, and individuals for
19 volunteering their time and community resources.

20 (e) The plan shall provide a mechanism for incorporating
21 the cost for accomplishing these goals into the ongoing
22 operating budget beginning in 2015.

23 (f) There is created the Science and Technology Education
24 Center Grant Program to provide development and operating
25 moneys in the form of matching funds for existing or proposed
26 nonprofit STEM education centers. At a minimum, each STEM

1 center that receives a grant shall not only provide STEM
2 education activities to students enrolled in the school
3 district or charter school and materials and educational
4 workshops to teachers employed by the school district or
5 charter school, but also, as part of generative and innovative
6 teaching and learning network, shall share information with all
7 STEM centers, the Illinois Mathematics and Science Academy, and
8 partner associations or businesses.

9 (g) School districts, charter schools, the Illinois
10 Mathematics and Science Academy, and joint collaborative
11 partnerships may establish science and technology education
12 centers or may contract with regional offices of education,
13 intermediate service centers, public community colleges,
14 4-year institutions of higher education, non-profit or
15 for-profit education providers, youth service agencies,
16 community-based organizations, or other appropriate entities
17 to establish science and technology education centers within
18 the public school system. Districts and charter schools may
19 individually operate alternative learning opportunities
20 programs or may collaborate with 2 or more districts or charter
21 schools or do both to create and operate science and technology
22 education centers.

23 (h) Beginning with the 2015-2016 school year, the State
24 Board of Education shall, subject to available appropriations,
25 annually award one or more science, technology, engineering,
26 and mathematics education center grants for the development and

1 operation of STEM centers.

2 A school district, a charter school, the Illinois
3 Mathematics and Science Academy, or a joint collaborative
4 partnership may apply for a STEM center grant pursuant to
5 procedures and time lines specified by rule of the State Board
6 of Education.

7 (i) The State Board of Education, in selecting one or more
8 school districts, charter schools, or joint collaborative
9 partnerships or the Illinois Mathematics and Science Academy
10 for receipt of a grant, shall give priority to applicants that
11 are geographically located farthest from other STEM centers or
12 applicants that have less opportunity for science, technology,
13 engineering, and mathematics resource support. The State Board
14 shall also consider the following factors:

15 (1) the facility, equipment, and technology that are or
16 will be provided and the activities and range of programs
17 that are or will be offered by the STEM education center;

18 (2) the strength and capacity of the school district or
19 charter school to work as a network cooperatively with the
20 Illinois Mathematics and Science Academy, other STEM
21 centers, universities and STEM laboratories, businesses,
22 and industries; and

23 (3) recommendations of the Illinois P-20 Council and
24 the Illinois Mathematics and Science Academy.

25 (j) A STEM center grant shall be payable from moneys
26 appropriated to the STEM Education Center Grant Fund.

1 The State Board of Education shall specify the amount to be
2 awarded to each school district, charter school, or joint
3 collaborative partnership that is selected to receive a grant
4 and to the Illinois Mathematics and Science Academy, if
5 selected to receive a grant. The amount awarded to a new STEM
6 center for start-up costs shall not exceed \$1,000,000 for the
7 first fiscal year and may not be renewed. The amount awarded to
8 an operating STEM center for operating costs shall not exceed
9 \$500,000 for one fiscal year and shall be renewed annually for
10 5 consecutive years if the STEM center is meeting its
11 accountability goals and its role as an active partner in a
12 generative teaching and learning network.

13 (k) Each school district, charter school, or joint
14 collaborative partnership that receives a grant pursuant to the
15 grant program and the Illinois Mathematics and Science Academy,
16 if selected to receive a grant, shall demonstrate, prior to
17 receiving any actual moneys, that the center has received or
18 has a written commitment for matching funds from other public
19 or private sources in the amount of a dollar-for-dollar match
20 with the amount of the grant. This requirement may be waived
21 upon application to and approval by the State Board of
22 Education based on a showing of continued need or financial
23 hardship.

24 (l) The State Board of Education shall promulgate such
25 rules as are required in this Section and such additional rules
26 as may be required for implementation of the grant program.

1 (m) Each school district or charter school that receives a
2 grant through the grant program shall, by the close of each
3 school year for which the grant was awarded, submit to the
4 Illinois Mathematics and Science Academy and the State Board of
5 Education a report specifying the following information:

6 (1) the manner in which the grant money was used;

7 (2) the progress made toward achieving the goals and
8 producing the deliverables specified in the grant
9 recipient's application;

10 (3) any additional entities and businesses with whom
11 the grant recipient has contracted or partnered with the
12 goal of achieving greater integration of information
13 technology education in prekindergarten through grade 12
14 curriculum;

15 (4) the recipient school district's or charter
16 school's plan for continuing the integration of
17 information technology education into the curriculum,
18 regardless of whether the grant is renewed;

19 (5) the documentation demonstrating effective digital
20 collaboration and networking, technological cooperation
21 and sharing, and personal networking via innovative,
22 entrepreneurial networks;

23 (6) a description of innovative instructional methods;

24 (7) evidence of staff training and outreach to teachers
25 beyond those working in the STEM education center; and

26 (8) any other information specified by rule of the

1 State Board of Education.

2 (n) Notwithstanding the other provisions of this Section, a
3 recipient school need not submit a report for any academic year
4 in which no grants are made through the grant program.

5 (o) The STEM Education Center Grant Fund is created as a
6 special fund in the State treasury. All money in the Fund shall
7 be used, subject to appropriation, by the State Board of
8 Education for the purpose of funding science, technology,
9 engineering, and mathematics education center grants awarded
10 under this Section.

11 (p) The State Board of Education may solicit and accept
12 money in the form of gifts, contributions, and grants to be
13 deposited in the STEM Education Center Grant Fund. The
14 acceptance of federal grants for purposes of this Section does
15 not commit State funds nor place an obligation upon the General
16 Assembly to continue the purposes for which the federal funds
17 are made available.

18 (105 ILCS 5/2-3.163 new)

19 Sec. 2-3.163. School Improvement Partnership Pool Fund.

20 (a) The School Improvement Partnership Pool Fund is created
21 as a special fund in the State treasury. All interest earned on
22 moneys in the Fund shall be deposited into the Fund. The School
23 Improvement Partnership Pool Fund shall not be subject to
24 sweeps, administrative charges, or charge-backs, such as, but
25 not limited to, those authorized under Section 8h of the State

1 Finance Act, nor any other fiscal or budgetary maneuver that
2 would in any way transfer any funds from the School Improvement
3 Partnership Pool Fund into any other fund of the State.

4 (b) Beginning in Fiscal Year 2016, moneys in the School
5 Improvement Partnership Pool Fund shall be used, subject to
6 appropriation, by the State Board of Education for a
7 competitive grant program to provide school districts with
8 demonstrated academic and financial need quality, integrated
9 support systems, such as training for staff, tutoring programs
10 for students, small school initiatives, literacy coaching,
11 proven programs such as reduced class size, extended learning
12 time, and after school and summer school programs, programs to
13 engage parents, and other systems as determined by the State
14 Board of Education.

15 (c) School districts eligible to apply to the State Board
16 of Education for a grant under subsection (b) of this Section
17 shall be limited to those (i) with any school that has not met
18 adequate yearly progress under the federal No Child Left Behind
19 Act of 2001 for at least 2 consecutive years or (ii) that have
20 been designated through the State Board of Education's School
21 District Financial Profile System as on financial warning or
22 financial watch status. The State Board may, by rule, establish
23 any additional procedures with respect to this grant program.

24 (105 ILCS 5/2-3.164 new)

25 Sec. 2-3.164. Resource management service.

1 (a) Subject to appropriation, the State Board of Education
2 shall establish and maintain an Internet web-based resource
3 management service for all school districts on or before July
4 1, 2017. If no State funds are provided to school districts
5 specifically for implementation of this Section, school
6 districts are relieved from implementing all requirements
7 under this Section.

8 (b) The resource management service shall identify
9 resource configurations that contribute to improving internal
10 resources for instructional programs, provide action-oriented
11 analysis and solutions, and give school districts the ability
12 to explore different scenarios of resource allocation.

13 (c) Annually, by the first day of October, an Internet
14 web-based preliminary resource allocation report must be
15 generated for each school district and delivered via the
16 Internet to each district superintendent for use by the
17 management team and the exclusive bargaining agents of the
18 school district's employees. This report shall identify
19 potential cost savings or resource reallocation opportunities
20 for the district in 5 core areas of school district spending.
21 These core areas are instruction, operation and maintenance,
22 transportation, food service, and central services. This
23 analysis shall show district spending in detailed
24 subcategories compared to demographically or operationally
25 similar peer school districts. The web-based resource
26 allocation reports generated under this Section constitute

1 preliminary drafts, notes, recommendations, memoranda, and
2 other records in which opinions are expressed or policies or
3 actions are formulated and therefore exempt from disclosure
4 under subdivision (f) of subsection (1) of Section 7 of the
5 Freedom of Information Act.

6 (d) Each school district shall have the ability through the
7 on-line resource allocation report to test various resource
8 allocation scenarios relative to pre-defined peers as well as
9 geographic peers and the most efficient peers statewide. Each
10 district shall have the ability to choose specific combinations
11 of districts for comparison.

12 (e) The resource management service shall contain, based on
13 the spending and demographic profile of the school district,
14 action-oriented information, such as effective best practices
15 in schools districts, diagnostic questions, and other
16 management or community considerations that may be implemented
17 to capture savings identified in the resource allocation
18 report.

19 (f) The resource management service may be initiated and
20 maintained through a contract between the State Board of
21 Education and an independent third party specializing in school
22 market research within this State and the United States. Any
23 contract with a third party must be awarded through the State
24 Board of Education's standard request for proposal procedure.
25 Up to 25% of the annual appropriation may be allocated by the
26 State Board of Education to hire personnel and facilitate data

1 collection. No less than 25% of the annual appropriation shall
2 be utilized by the State Board of Education to deliver training
3 to school district personnel in the use of the management
4 service. Such training shall be delivered by certificated
5 school business officials or State Board of Education trained
6 personnel and may be provided through administrator academies
7 and mentoring programs. The State Board of Education may
8 establish contracts with other organizations to provide such
9 training and mentoring.

10 In the event that a district does not employ a certificated
11 school business official, if State funds are provided
12 specifically for this purpose, at least one employee must be
13 trained and certified in the use of the resource management
14 service. In addition, a representative of the exclusive
15 bargaining agents of the school district's employees shall be
16 invited to be trained and certified.

17 (g) The State Board of Education shall identify the data
18 required to implement the resource management service and
19 develop annual data reporting instruments designed to collect
20 the information from each school district.

21 The State Board of Education may provide grants to school
22 districts to permit those school districts to develop and
23 implement a plan for a shared services agreement in the
24 following areas: operation and maintenance and central
25 services.

26 (h) Annually, the certificated school business official or

1 resource management service trained employee in each school
2 district shall review and certify that the resource allocation
3 report has been received and reviewed by the management team
4 and the exclusive bargaining agent of the district.
5 Subsequently, a report must be filed with the State Board of
6 Education identifying the considerations that will be studied
7 as a result of such analysis. In addition, any implementation
8 of strategies or reallocation of resources associated with the
9 resource management service must be annually reported to the
10 Board of Education, the exclusive bargaining agents of the
11 school district's employees, and, subsequently, the State
12 Board of Education. The State Board shall annually prepare a
13 cumulative report to be posted electronically containing those
14 initiatives studied and implemented on a statewide basis.

15 (105 ILCS 5/3-7) (from Ch. 122, par. 3-7)

16 Sec. 3-7. Failure to prepare and forward information. If
17 the trustees of schools of any township in Class II county
18 school units, or any school district which forms a part of a
19 Class II county school unit but which is not subject to the
20 jurisdiction of the trustees of schools of any township in
21 which such district is located, or any school district in any
22 Class I county school units fail to prepare and forward or
23 cause to be prepared and forwarded to the regional
24 superintendent of schools, reports required by this Act, the
25 regional superintendent of schools shall furnish such

1 information or he shall employ a person or persons to furnish
2 such information, as far as practicable. Such person shall have
3 access to the books, records and papers of the school district
4 to enable him or them to prepare such reports, and the school
5 district shall permit such person or persons to examine such
6 books, records and papers at such time and such place as such
7 person or persons may desire for the purpose aforesaid. For
8 such services the regional superintendent of schools shall bill
9 the district an amount to cover the cost of preparation of such
10 reports if he employs a person to prepare such reports.

11 Each school district shall, as of June 30 of each year,
12 cause an audit of its accounts to be made by a person lawfully
13 qualified to practice public accounting as regulated by the
14 Illinois Public Accounting Act. Such audit shall include (i)
15 development of a risk assessment of district internal controls,
16 (ii) an annual review and update of the risk assessment, and
17 (iii) an annual management letter that analyzes significant
18 risk assessment findings, recommends changes for strengthening
19 controls and reducing identified risks, and specifies
20 timeframes for implementation of these recommendations, as
21 well as financial statements of the district applicable to the
22 type of records required by other sections of this Act and in
23 addition shall set forth the scope of audit and shall include
24 the professional opinion signed by the auditor, or if such an
25 opinion is denied by the auditor, shall set forth the reasons
26 for such denial. Each school district shall on or before

1 October 15 of each year, submit an original and one copy of the
2 ~~such~~ audit to the regional superintendent of schools in the
3 educational service region having jurisdiction in which case
4 the regional superintendent of schools shall be relieved of
5 responsibility in regard to the accounts of the school
6 district. If any school district fails to supply the regional
7 superintendent of schools with a copy of such audit report on
8 or before October 15, or within such time extended by the
9 regional superintendent of schools from that date, not to
10 exceed 60 days, then it shall be the responsibility of the
11 regional superintendent of schools having jurisdiction to
12 cause such audit to be made by employing an accountant licensed
13 to practice in the State of Illinois to conduct such audit and
14 shall bill the district for such services, or shall with the
15 personnel of his office make such audit to his satisfaction and
16 bill the district for such service. In the latter case, if the
17 audit is made by personnel employed in the office of the
18 regional superintendent of schools having jurisdiction, then
19 the regional superintendent of schools shall not be relieved of
20 the responsibility as to the accountability of the school
21 district. The copy of the audit shall be forwarded by the
22 regional superintendent to the State Board of Education on or
23 before November 15 of each year and shall be filed by the State
24 Board of Education. Beginning on July 1, 2015, all school
25 districts shall utilize a competitive request for proposals
26 process at least once every 5 years when contracting for such

1 an annual audit, provided that school districts with existing
2 contracts of less than 5 years in length that are in effect on
3 July 1, 2015 shall utilize a competitive request for proposals
4 process when contracting for an annual audit after the
5 expiration date of the existing contract.

6 Each school district that is the administrative district
7 for several school districts operating under a joint agreement
8 as authorized by this Act shall, as of June 30 each year, cause
9 an audit of the accounts of the joint agreement to be made by a
10 person lawfully qualified to practice public accounting as
11 regulated by the Illinois Public Accounting Act. Such audit
12 shall include (i) development of a risk assessment of district
13 internal controls, (ii) an annual review and update of the risk
14 assessment, and (iii) an annual management letter that analyzes
15 significant risk assessment findings, recommends changes for
16 strengthening controls and reducing identified risks, and
17 specifies timeframes for implementation of these
18 recommendations, as well as financial statements of the
19 operation of the joint agreement applicable to the type of
20 records required by this Act and, in addition, shall set forth
21 the scope of the audit and shall include the professional
22 opinion signed by the auditor, or if such an opinion is denied,
23 the auditor shall set forth the reason for such denial. Each
24 administrative district of a joint agreement shall on or before
25 October 15 each year, submit an original and one copy of such
26 audit to the regional superintendent of schools in the

1 educational service region having jurisdiction in which case
2 the regional superintendent of schools shall be relieved of
3 responsibility in regard to the accounts of the joint
4 agreement. The copy of the audit shall be forwarded by the
5 regional superintendent to the State Board of Education on or
6 before November 15 of each year and shall be filed by the State
7 Board of Education. The cost of such an audit shall be
8 apportioned among and paid by the several districts who are
9 parties to the joint agreement, in the same manner as other
10 costs and expenses accruing to the districts jointly. Beginning
11 on July 1, 2015, all school districts operating under a joint
12 agreement shall utilize a competitive request for proposals
13 process at least once every 5 years when contracting for such
14 an annual audit, provided that all school districts operating
15 under a joint agreement with existing contracts of less than 5
16 years in length that are in effect on July 1, 2015 shall
17 utilize a competitive request for proposals process when
18 contracting for an annual audit after the expiration date of
19 the existing contract.

20 The State Board of Education shall determine the adequacy
21 of the audits. All audits shall be kept on file in the office
22 of the State Board of Education.

23 (Source: P.A. 86-1441; 87-473.)

24 (105 ILCS 5/10-16.10 new)

25 Sec. 10-16.10. Board member leadership training.

1 (a) This Section shall apply to all school board members
2 serving pursuant to Section 10-10 of this Code who have been
3 elected on or after the effective date of this amendatory Act
4 of the 98th General Assembly or appointed to fill a vacancy of
5 at least one year's duration on or after the effective date of
6 this amendatory Act of the 98th General Assembly.

7 (b) It is the policy of this State to encourage every
8 voting member of a board of education of a school district
9 elected or appointed for a term beginning on or after the
10 effective date of this amendatory Act of the 98th General
11 Assembly, within a year after the effective date of this
12 amendatory Act of the 98th General Assembly or the first year
13 of his or her term, to complete a minimum of 4 hours of
14 professional development leadership training covering topics
15 in education and labor law, financial oversight and
16 accountability, and fiduciary responsibilities of a school
17 board member.

18 (c) The training on financial oversight, accountability,
19 and fiduciary responsibilities may be provided by an
20 association established under this Code for the purpose of
21 training school board members or by other qualified providers
22 approved by the State Board of Education, in conjunction with
23 an association so established.

24 (105 ILCS 5/10-17a) (from Ch. 122, par. 10-17a)

25 Sec. 10-17a. State, school district, and school report

1 cards.

2 (1) By October 31, 2013 and October 31 of each subsequent
3 school year, the State Board of Education, through the State
4 Superintendent of Education, shall prepare a State report card,
5 school district report cards, and school report cards, and
6 shall by the most economic means provide to each school
7 district in this State, including special charter districts and
8 districts subject to the provisions of Article 34, the report
9 cards for the school district and each of its schools.

10 (2) In addition to any information required by federal law,
11 the State Superintendent shall determine the indicators and
12 presentation of the school report card, which must include, at
13 a minimum, the most current data possessed by the State Board
14 of Education related to the following:

15 (A) school characteristics and student demographics,
16 including average class size, average teaching experience,
17 student racial/ethnic breakdown, and the percentage of
18 students classified as low-income; the percentage of
19 students classified as limited English proficiency; the
20 percentage of students who have individualized education
21 plans or 504 plans that provide for special education
22 services; the percentage of students who annually
23 transferred in or out of the school district; the per-pupil
24 operating expenditure of the school district; and the
25 per-pupil State average operating expenditure for the
26 district type (elementary, high school, or unit);

1 (B) curriculum information, including, where
2 applicable, Advanced Placement, International
3 Baccalaureate or equivalent courses, dual enrollment
4 courses, foreign language classes, school personnel
5 resources (including Career Technical Education teachers),
6 before and after school programs, extracurricular
7 activities, subjects in which elective classes are
8 offered, health and wellness initiatives (including the
9 average number of days of Physical Education per week per
10 student), approved programs of study, awards received,
11 community partnerships, and special programs such as
12 programming for the gifted and talented, students with
13 disabilities, and work-study students;

14 (C) student outcomes, including, where applicable, the
15 percentage of students meeting as well as exceeding State
16 standards on assessments, the percentage of students in the
17 eighth grade who pass Algebra, the percentage of students
18 enrolled in post-secondary institutions (including
19 colleges, universities, community colleges,
20 trade/vocational schools, and training programs leading to
21 career certification within 2 semesters of high school
22 graduation), the percentage of students graduating from
23 high school who are college ready, the percentage of
24 students graduating from high school who are career ready,
25 and the percentage of graduates enrolled in community
26 colleges, colleges, and universities who are in one or more

1 courses that the community college, college, or university
2 identifies as a remedial course;

3 (D) student progress, including, where applicable, the
4 percentage of students in the ninth grade who have earned 5
5 credits or more without failing more than one core class, a
6 measure of students entering kindergarten ready to learn, a
7 measure of growth, and the percentage of students who enter
8 high school on track for college and career readiness; and

9 (E) the school environment, including, where
10 applicable, the percentage of students with less than 10
11 absences in a school year, the percentage of teachers with
12 less than 10 absences in a school year for reasons other
13 than professional development, leaves taken pursuant to
14 the federal Family Medical Leave Act of 1993, long-term
15 disability, or parental leaves, the 3-year average of the
16 percentage of teachers returning to the school from the
17 previous year, the number of different principals at the
18 school in the last 6 years, 2 or more indicators from any
19 school climate survey developed by the State and
20 administered pursuant to Section 2-3.153 of this Code, and
21 the combined percentage of teachers rated as proficient or
22 excellent in their most recent evaluation.

23 The school report card shall also provide information that
24 allows for comparing the current outcome, progress, and
25 environment data to the State average, to the school data from
26 the past 5 years, and to the outcomes, progress, and

1 environment of similar schools based on the type of school and
2 enrollment of low-income, special education, and limited
3 English proficiency students.

4 (3) At the discretion of the State Superintendent, the
5 school district report card shall include a subset of the
6 information identified in paragraphs (A) through (E) of
7 subsection (2) of this Section, as well as information relating
8 to the operating expense per pupil and other finances of the
9 school district, and the State report card shall include a
10 subset of the information identified in paragraphs (A) through
11 (E) of subsection (2) of this Section.

12 (4) Notwithstanding anything to the contrary in this
13 Section, in consultation with key education stakeholders, the
14 State Superintendent shall at any time have the discretion to
15 amend or update any and all metrics on the school, district, or
16 State report card.

17 (5) Annually, no more than 30 calendar days after receipt
18 of the school district and school report cards from the State
19 Superintendent of Education, each school district, including
20 special charter districts and districts subject to the
21 provisions of Article 34, shall present such report cards at a
22 regular school board meeting subject to applicable notice
23 requirements, post the report cards on the school district's
24 Internet web site, if the district maintains an Internet web
25 site, make the report cards available to a newspaper of general
26 circulation serving the district, and, upon request, send the

1 report cards home to a parent (unless the district does not
2 maintain an Internet web site, in which case the report card
3 shall be sent home to parents without request). If the district
4 posts the report card on its Internet web site, the district
5 shall send a written notice home to parents stating (i) that
6 the report card is available on the web site, (ii) the address
7 of the web site, (iii) that a printed copy of the report card
8 will be sent to parents upon request, and (iv) the telephone
9 number that parents may call to request a printed copy of the
10 report card.

11 (e) The report card shall include an indicator describing
12 whether the school district has improved, declined, or remained
13 stable in the aggregate percentage of students making at least
14 one-year's academic growth each year, subject to a statewide
15 longitudinal data system being established and data being
16 available.

17 (Source: P.A. 97-671, eff. 1-24-12; 98-463, eff. 8-16-13.)

18 (105 ILCS 5/10-17b new)

19 Sec. 10-17b. Financial policies. Beginning with the second
20 fiscal year after the effective date of this amendatory Act of
21 the 98th General Assembly, each school board shall adopt a
22 formal, written financial policy. The policy may include
23 information in the following areas:

24 (1) Debt capacity, issuance, and management.

25 (2) Capital asset management.

- 1 (3) Reserve or stabilization fund goals.
- 2 (4) Periodic budget to actual comparison reports.
- 3 (5) Fees and charges.
- 4 (6) The use of one-time revenue.
- 5 (7) Risk management related to internal controls.
- 6 (8) Purchasing.
- 7 (9) Vehicle acquisition and maintenance.
- 8 The school board shall make the policy publicly available.

9 (105 ILCS 5/10-17c new)

10 Sec. 10-17c. Long-term financial plan. Beginning with the
11 second fiscal year after the effective date of this amendatory
12 Act of the 98th General Assembly, each school board shall
13 develop a long-term financial plan that extends over at least a
14 3-year period and that is updated and approved annually. The
15 plan must include multi-year forecasts of revenues,
16 expenditures, and debt. The school board may make the plan
17 available to the public by publishing it as a separate document
18 and submitting it with the annual budget or by posting the plan
19 as a document on the school district's Internet website, if
20 any. The forecasts that are the foundation of the plan must be
21 available to participants in the budget process before
22 budgetary decisions are made. The public must be provided
23 opportunities for providing dialogue with respect to the
24 long-term financial planning process. Public access and review
25 shall take place as part of the official budget hearing process

1 in accordance with Section 17-1 of this Code, which requires
2 the posting of notice and making documents available to the
3 general public at least 30 days in advance of the budget
4 hearing.

5 (105 ILCS 5/10-17d new)

6 Sec. 10-17d. Capital improvement plan. Beginning with the
7 second fiscal year after the effective date of this amendatory
8 Act of the 98th General Assembly, each school board shall
9 develop a 5-year capital improvement plan that is updated and
10 approved annually. The plan must include a summary list of the
11 description of the capital projects to be completed over the
12 next 5 years, along with projected expenditures, and revenue
13 sources. The school board shall make the plan available to the
14 public. The school board shall hold a public hearing on the
15 capital improvement plan, which hearing may be held at a
16 regularly scheduled meeting of the board. This hearing shall be
17 held in the same manner and subject to the same notice and
18 other requirements as the public hearing required prior to
19 adoption of the budget in conformity with Section 17-1 of this
20 Code, which requires the posting of notice and making documents
21 available to the general public at least 30 days in advance of
22 the budget hearing.

23 (105 ILCS 5/10-20.56 new)

24 Sec. 10-20.56. School district financial accountability.

1 (a) A school board shall annually include a user-friendly
2 executive summary as part of the district's budget. The
3 executive summary shall include all of the following:

4 (1) The district's major goals and objectives.

5 (2) A discussion of the major financial factors and
6 trends affecting the budget, such as changes in revenues,
7 enrollment, and debt.

8 (3) A description of the budget process.

9 (4) An overview of revenues and expenditures for all
10 funds, including at least 3 to 5 years of prior and future
11 trends, based on data from the annual financial report.

12 (5) An explanation of significant financial and
13 demographic trends.

14 (6) An explanation of the reasons for a budget deficit
15 and an explanation of how the deficit is being addressed in
16 accordance with Section 17-1 of this Code.

17 (7) A budget forecast for at least 3 to 5 years in the
18 future.

19 (8) Student enrollment trends, including a future
20 forecast.

21 (9) The number of personnel by type.

22 (10) Changes in both the long term and short term debt
23 burden.

24 (b) Beginning with the second fiscal year after the
25 effective date of this amendatory Act of the 98th General
26 Assembly, a school board shall annually include in the full

1 budget document the following items; any or all of the
2 following items may be published as separate documents provided
3 that they are explicitly referenced in the annual budget and
4 attached thereto and provided that they are made publicly
5 available at the same time as the tentative budget document:

6 (1) An organizational chart.

7 (2) Formal financial policies pursuant to Section
8 10-17b of this Code.

9 (3) The district's long-term financial plan pursuant
10 to Section 10-17c of this Code or a summary of the
11 long-term financial plan.

12 (4) The district's capital improvement plan pursuant
13 to Section 10-17d of this Code or a summary of the capital
14 improvement plan.

15 (105 ILCS 5/10-22.45) (from Ch. 122, par. 10-22.45)

16 Sec. 10-22.45. A school board shall ~~to~~ establish an audit
17 committee, which may include ~~and to appoint~~ members of the
18 board, ~~or~~ or other appropriate officers, or persons who do not
19 serve on the board ~~to the committee~~, to review audit reports
20 and any other financial reports and documents, including
21 management letters prepared by or on behalf of the board.
22 Nothing in this Section prohibits a school district from
23 maintaining its own internal audit function.

24 (Source: P.A. 82-644.)

1 (105 ILCS 5/17-2.11d new)

2 Sec. 17-2.11d. Non-referendum bonds. Upon the
3 certification of an architect and subsequent approval by the
4 regional superintendent of schools and the State Board of
5 Education, a board of education governing a school district
6 having not more than 500,000 inhabitants may issue
7 non-referendum bonds for the purposes described in Section 19-3
8 of this Code. Such bonds may be issued in excess of any
9 statutory limitation as to debt prescribed in Article 19 of
10 this Code.

11 (105 ILCS 5/18-8.05)

12 Sec. 18-8.05. Basis for apportionment of general State
13 financial aid and supplemental general State aid to the common
14 schools for the 1998-1999 and subsequent school years.

15 (A) General Provisions.

16 (1) The provisions of this Section apply to the 1998-1999
17 and subsequent school years. The system of general State
18 financial aid provided for in this Section is designed to
19 assure that, through a combination of State financial aid and
20 required local resources, the financial support provided each
21 pupil in Average Daily Attendance equals or exceeds a
22 prescribed per pupil Foundation Level. This formula approach
23 imputes a level of per pupil Available Local Resources and
24 provides for the basis to calculate a per pupil level of

1 general State financial aid that, when added to Available Local
2 Resources, equals or exceeds the Foundation Level. The amount
3 of per pupil general State financial aid for school districts,
4 in general, varies in inverse relation to Available Local
5 Resources. Per pupil amounts are based upon each school
6 district's Average Daily Attendance as that term is defined in
7 this Section.

8 (2) In addition to general State financial aid, school
9 districts with specified levels or concentrations of pupils
10 from low income households are eligible to receive supplemental
11 general State financial aid grants as provided pursuant to
12 subsection (H). The supplemental State aid grants provided for
13 school districts under subsection (H) shall be appropriated for
14 distribution to school districts as part of the same line item
15 in which the general State financial aid of school districts is
16 appropriated under this Section.

17 (3) To receive financial assistance under this Section,
18 school districts are required to file claims with the State
19 Board of Education, subject to the following requirements:

20 (a) Any school district which fails for any given
21 school year to maintain school as required by law, or to
22 maintain a recognized school is not eligible to file for
23 such school year any claim upon the Common School Fund. In
24 case of nonrecognition of one or more attendance centers in
25 a school district otherwise operating recognized schools,
26 the claim of the district shall be reduced in the

1 proportion which the Average Daily Attendance in the
2 attendance center or centers bear to the Average Daily
3 Attendance in the school district. A "recognized school"
4 means any public school which meets the standards as
5 established for recognition by the State Board of
6 Education. A school district or attendance center not
7 having recognition status at the end of a school term is
8 entitled to receive State aid payments due upon a legal
9 claim which was filed while it was recognized.

10 (b) School district claims filed under this Section are
11 subject to Sections 18-9 and 18-12, except as otherwise
12 provided in this Section.

13 (c) If a school district operates a full year school
14 under Section 10-19.1, the general State aid to the school
15 district shall be determined by the State Board of
16 Education in accordance with this Section as near as may be
17 applicable.

18 (d) (Blank).

19 (4) Except as provided in subsections (H) and (L), the
20 board of any district receiving any of the grants provided for
21 in this Section may apply those funds to any fund so received
22 for which that board is authorized to make expenditures by law.

23 School districts are not required to exert a minimum
24 Operating Tax Rate in order to qualify for assistance under
25 this Section.

26 (5) As used in this Section the following terms, when

1 capitalized, shall have the meaning ascribed herein:

2 (a) "Average Daily Attendance": A count of pupil
3 attendance in school, averaged as provided for in
4 subsection (C) and utilized in deriving per pupil financial
5 support levels.

6 (b) "Available Local Resources": A computation of
7 local financial support, calculated on the basis of Average
8 Daily Attendance and derived as provided pursuant to
9 subsection (D).

10 (c) "Corporate Personal Property Replacement Taxes":
11 Funds paid to local school districts pursuant to "An Act in
12 relation to the abolition of ad valorem personal property
13 tax and the replacement of revenues lost thereby, and
14 amending and repealing certain Acts and parts of Acts in
15 connection therewith", certified August 14, 1979, as
16 amended (Public Act 81-1st S.S.-1).

17 (d) "Foundation Level": A prescribed level of per pupil
18 financial support as provided for in subsection (B).

19 (e) "Operating Tax Rate": All school district property
20 taxes extended for all purposes, except Bond and Interest,
21 Summer School, Rent, Capital Improvement, and Vocational
22 Education Building purposes.

23 (B) Foundation Level.

24 (1) The Foundation Level is a figure established by the
25 State representing the minimum level of per pupil financial

1 support that should be available to provide for the basic
2 education of each pupil in Average Daily Attendance. As set
3 forth in this Section, each school district is assumed to exert
4 a sufficient local taxing effort such that, in combination with
5 the aggregate of general State financial aid provided the
6 district, an aggregate of State and local resources are
7 available to meet the basic education needs of pupils in the
8 district.

9 (2) For the 1998-1999 school year, the Foundation Level of
10 support is \$4,225. For the 1999-2000 school year, the
11 Foundation Level of support is \$4,325. For the 2000-2001 school
12 year, the Foundation Level of support is \$4,425. For the
13 2001-2002 school year and 2002-2003 school year, the Foundation
14 Level of support is \$4,560. For the 2003-2004 school year, the
15 Foundation Level of support is \$4,810. For the 2004-2005 school
16 year, the Foundation Level of support is \$4,964. For the
17 2005-2006 school year, the Foundation Level of support is
18 \$5,164. For the 2006-2007 school year, the Foundation Level of
19 support is \$5,334. For the 2007-2008 school year, the
20 Foundation Level of support is \$5,734. For the 2008-2009 school
21 year, the Foundation Level of support is \$5,959.

22 (3) For the 2009-2010 school year through the 2013-2014
23 school year ~~and each school year thereafter~~, the Foundation
24 Level of support is \$6,119 ~~or such greater amount as may be~~
25 ~~established by law by the General Assembly.~~

26 (4) For the 2014-2015 school year, the Foundation Level of

1 support is \$6,190. For each school year thereafter, the
2 Foundation Level of support shall be no less than \$6,190.

3 (C) Average Daily Attendance.

4 (1) For purposes of calculating general State aid pursuant
5 to subsection (E), an Average Daily Attendance figure shall be
6 utilized. The Average Daily Attendance figure for formula
7 calculation purposes shall be the monthly average of the actual
8 number of pupils in attendance of each school district, as
9 further averaged for the best 3 months of pupil attendance for
10 each school district. In compiling the figures for the number
11 of pupils in attendance, school districts and the State Board
12 of Education shall, for purposes of general State aid funding,
13 conform attendance figures to the requirements of subsection
14 (F).

15 (2) The Average Daily Attendance figures utilized in
16 subsection (E) shall be the requisite attendance data for the
17 school year immediately preceding the school year for which
18 general State aid is being calculated or the average of the
19 attendance data for the 3 preceding school years, whichever is
20 greater. The Average Daily Attendance figures utilized in
21 subsection (H) shall be the requisite attendance data for the
22 school year immediately preceding the school year for which
23 general State aid is being calculated.

24 (D) Available Local Resources.

1 (1) For purposes of calculating general State aid pursuant
2 to subsection (E), a representation of Available Local
3 Resources per pupil, as that term is defined and determined in
4 this subsection, shall be utilized. Available Local Resources
5 per pupil shall include a calculated dollar amount representing
6 local school district revenues from local property taxes and
7 from Corporate Personal Property Replacement Taxes, expressed
8 on the basis of pupils in Average Daily Attendance. Calculation
9 of Available Local Resources shall exclude any tax amnesty
10 funds received as a result of Public Act 93-26.

11 (2) In determining a school district's revenue from local
12 property taxes, the State Board of Education shall utilize the
13 equalized assessed valuation of all taxable property of each
14 school district as of September 30 of the previous year. The
15 equalized assessed valuation utilized shall be obtained and
16 determined as provided in subsection (G).

17 (3) For school districts maintaining grades kindergarten
18 through 12, local property tax revenues per pupil shall be
19 calculated as the product of the applicable equalized assessed
20 valuation for the district multiplied by 3.00%, and divided by
21 the district's Average Daily Attendance figure. For school
22 districts maintaining grades kindergarten through 8, local
23 property tax revenues per pupil shall be calculated as the
24 product of the applicable equalized assessed valuation for the
25 district multiplied by 2.30%, and divided by the district's
26 Average Daily Attendance figure. For school districts

1 maintaining grades 9 through 12, local property tax revenues
2 per pupil shall be the applicable equalized assessed valuation
3 of the district multiplied by 1.05%, and divided by the
4 district's Average Daily Attendance figure.

5 For partial elementary unit districts created pursuant to
6 Article 11E of this Code, local property tax revenues per pupil
7 shall be calculated as the product of the equalized assessed
8 valuation for property within the partial elementary unit
9 district for elementary purposes, as defined in Article 11E of
10 this Code, multiplied by 2.06% and divided by the district's
11 Average Daily Attendance figure, plus the product of the
12 equalized assessed valuation for property within the partial
13 elementary unit district for high school purposes, as defined
14 in Article 11E of this Code, multiplied by 0.94% and divided by
15 the district's Average Daily Attendance figure.

16 (4) The Corporate Personal Property Replacement Taxes paid
17 to each school district during the calendar year one year
18 before the calendar year in which a school year begins, divided
19 by the Average Daily Attendance figure for that district, shall
20 be added to the local property tax revenues per pupil as
21 derived by the application of the immediately preceding
22 paragraph (3). The sum of these per pupil figures for each
23 school district shall constitute Available Local Resources as
24 that term is utilized in subsection (E) in the calculation of
25 general State aid.

1 (E) Computation of General State Aid.

2 (1) For each school year, the amount of general State aid
3 allotted to a school district shall be computed by the State
4 Board of Education as provided in this subsection.

5 (2) For any school district for which Available Local
6 Resources per pupil is less than the product of 0.93 times the
7 Foundation Level, general State aid for that district shall be
8 calculated as an amount equal to the Foundation Level minus
9 Available Local Resources, multiplied by the Average Daily
10 Attendance of the school district.

11 (3) For any school district for which Available Local
12 Resources per pupil is equal to or greater than the product of
13 0.93 times the Foundation Level and less than the product of
14 1.75 times the Foundation Level, the general State aid per
15 pupil shall be a decimal proportion of the Foundation Level
16 derived using a linear algorithm. Under this linear algorithm,
17 the calculated general State aid per pupil shall decline in
18 direct linear fashion from 0.07 times the Foundation Level for
19 a school district with Available Local Resources equal to the
20 product of 0.93 times the Foundation Level, to 0.05 times the
21 Foundation Level for a school district with Available Local
22 Resources equal to the product of 1.75 times the Foundation
23 Level. The allocation of general State aid for school districts
24 subject to this paragraph 3 shall be the calculated general
25 State aid per pupil figure multiplied by the Average Daily
26 Attendance of the school district.

1 (4) For any school district for which Available Local
2 Resources per pupil equals or exceeds the product of 1.75 times
3 the Foundation Level, the general State aid for the school
4 district shall be calculated as the product of \$218 multiplied
5 by the Average Daily Attendance of the school district.

6 (5) The amount of general State aid allocated to a school
7 district for the 1999-2000 school year meeting the requirements
8 set forth in paragraph (4) of subsection (G) shall be increased
9 by an amount equal to the general State aid that would have
10 been received by the district for the 1998-1999 school year by
11 utilizing the Extension Limitation Equalized Assessed
12 Valuation as calculated in paragraph (4) of subsection (G) less
13 the general State aid allotted for the 1998-1999 school year.
14 This amount shall be deemed a one time increase, and shall not
15 affect any future general State aid allocations.

16 (F) Compilation of Average Daily Attendance.

17 (1) Each school district shall, by July 1 of each year,
18 submit to the State Board of Education, on forms prescribed by
19 the State Board of Education, attendance figures for the school
20 year that began in the preceding calendar year. The attendance
21 information so transmitted shall identify the average daily
22 attendance figures for each month of the school year. Beginning
23 with the general State aid claim form for the 2002-2003 school
24 year, districts shall calculate Average Daily Attendance as
25 provided in subdivisions (a), (b), and (c) of this paragraph

1 (1).

2 (a) In districts that do not hold year-round classes,
3 days of attendance in August shall be added to the month of
4 September and any days of attendance in June shall be added
5 to the month of May.

6 (b) In districts in which all buildings hold year-round
7 classes, days of attendance in July and August shall be
8 added to the month of September and any days of attendance
9 in June shall be added to the month of May.

10 (c) In districts in which some buildings, but not all,
11 hold year-round classes, for the non-year-round buildings,
12 days of attendance in August shall be added to the month of
13 September and any days of attendance in June shall be added
14 to the month of May. The average daily attendance for the
15 year-round buildings shall be computed as provided in
16 subdivision (b) of this paragraph (1). To calculate the
17 Average Daily Attendance for the district, the average
18 daily attendance for the year-round buildings shall be
19 multiplied by the days in session for the non-year-round
20 buildings for each month and added to the monthly
21 attendance of the non-year-round buildings.

22 Except as otherwise provided in this Section, days of
23 attendance by pupils shall be counted only for sessions of not
24 less than 5 clock hours of school work per day under direct
25 supervision of: (i) teachers, or (ii) non-teaching personnel or
26 volunteer personnel when engaging in non-teaching duties and

1 supervising in those instances specified in subsection (a) of
2 Section 10-22.34 and paragraph 10 of Section 34-18, with pupils
3 of legal school age and in kindergarten and grades 1 through
4 12.

5 Days of attendance by tuition pupils shall be accredited
6 only to the districts that pay the tuition to a recognized
7 school.

8 (2) Days of attendance by pupils of less than 5 clock hours
9 of school shall be subject to the following provisions in the
10 compilation of Average Daily Attendance.

11 (a) Pupils regularly enrolled in a public school for
12 only a part of the school day may be counted on the basis
13 of 1/6 day for every class hour of instruction of 40
14 minutes or more attended pursuant to such enrollment,
15 unless a pupil is enrolled in a block-schedule format of 80
16 minutes or more of instruction, in which case the pupil may
17 be counted on the basis of the proportion of minutes of
18 school work completed each day to the minimum number of
19 minutes that school work is required to be held that day.

20 (b) (Blank).

21 (c) A session of 4 or more clock hours may be counted
22 as a day of attendance upon certification by the regional
23 superintendent, and approved by the State Superintendent
24 of Education to the extent that the district has been
25 forced to use daily multiple sessions.

26 (d) A session of 3 or more clock hours may be counted

1 as a day of attendance (1) when the remainder of the school
2 day or at least 2 hours in the evening of that day is
3 utilized for an in-service training program for teachers,
4 up to a maximum of 5 days per school year, provided a
5 district conducts an in-service training program for
6 teachers in accordance with Section 10-22.39 of this Code;
7 or, in lieu of 4 such days, 2 full days may be used, in
8 which event each such day may be counted as a day required
9 for a legal school calendar pursuant to Section 10-19 of
10 this Code; (1.5) when, of the 5 days allowed under item
11 (1), a maximum of 4 days are used for parent-teacher
12 conferences, or, in lieu of 4 such days, 2 full days are
13 used, in which case each such day may be counted as a
14 calendar day required under Section 10-19 of this Code,
15 provided that the full-day, parent-teacher conference
16 consists of (i) a minimum of 5 clock hours of
17 parent-teacher conferences, (ii) both a minimum of 2 clock
18 hours of parent-teacher conferences held in the evening
19 following a full day of student attendance, as specified in
20 subsection (F)(1)(c), and a minimum of 3 clock hours of
21 parent-teacher conferences held on the day immediately
22 following evening parent-teacher conferences, or (iii)
23 multiple parent-teacher conferences held in the evenings
24 following full days of student attendance, as specified in
25 subsection (F)(1)(c), in which the time used for the
26 parent-teacher conferences is equivalent to a minimum of 5

1 clock hours; and (2) when days in addition to those
2 provided in items (1) and (1.5) are scheduled by a school
3 pursuant to its school improvement plan adopted under
4 Article 34 or its revised or amended school improvement
5 plan adopted under Article 2, provided that (i) such
6 sessions of 3 or more clock hours are scheduled to occur at
7 regular intervals, (ii) the remainder of the school days in
8 which such sessions occur are utilized for in-service
9 training programs or other staff development activities
10 for teachers, and (iii) a sufficient number of minutes of
11 school work under the direct supervision of teachers are
12 added to the school days between such regularly scheduled
13 sessions to accumulate not less than the number of minutes
14 by which such sessions of 3 or more clock hours fall short
15 of 5 clock hours. Any full days used for the purposes of
16 this paragraph shall not be considered for computing
17 average daily attendance. Days scheduled for in-service
18 training programs, staff development activities, or
19 parent-teacher conferences may be scheduled separately for
20 different grade levels and different attendance centers of
21 the district.

22 (e) A session of not less than one clock hour of
23 teaching hospitalized or homebound pupils on-site or by
24 telephone to the classroom may be counted as 1/2 day of
25 attendance, however these pupils must receive 4 or more
26 clock hours of instruction to be counted for a full day of

1 attendance.

2 (f) A session of at least 4 clock hours may be counted
3 as a day of attendance for first grade pupils, and pupils
4 in full day kindergartens, and a session of 2 or more hours
5 may be counted as 1/2 day of attendance by pupils in
6 kindergartens which provide only 1/2 day of attendance.

7 (g) For children with disabilities who are below the
8 age of 6 years and who cannot attend 2 or more clock hours
9 because of their disability or immaturity, a session of not
10 less than one clock hour may be counted as 1/2 day of
11 attendance; however for such children whose educational
12 needs so require a session of 4 or more clock hours may be
13 counted as a full day of attendance.

14 (h) A recognized kindergarten which provides for only
15 1/2 day of attendance by each pupil shall not have more
16 than 1/2 day of attendance counted in any one day. However,
17 kindergartens may count 2 1/2 days of attendance in any 5
18 consecutive school days. When a pupil attends such a
19 kindergarten for 2 half days on any one school day, the
20 pupil shall have the following day as a day absent from
21 school, unless the school district obtains permission in
22 writing from the State Superintendent of Education.
23 Attendance at kindergartens which provide for a full day of
24 attendance by each pupil shall be counted the same as
25 attendance by first grade pupils. Only the first year of
26 attendance in one kindergarten shall be counted, except in

1 case of children who entered the kindergarten in their
2 fifth year whose educational development requires a second
3 year of kindergarten as determined under the rules and
4 regulations of the State Board of Education.

5 (i) On the days when the Prairie State Achievement
6 Examination is administered under subsection (c) of
7 Section 2-3.64 of this Code, the day of attendance for a
8 pupil whose school day must be shortened to accommodate
9 required testing procedures may be less than 5 clock hours
10 and shall be counted towards the 176 days of actual pupil
11 attendance required under Section 10-19 of this Code,
12 provided that a sufficient number of minutes of school work
13 in excess of 5 clock hours are first completed on other
14 school days to compensate for the loss of school work on
15 the examination days.

16 (j) Pupils enrolled in a remote educational program
17 established under Section 10-29 of this Code may be counted
18 on the basis of one-fifth day of attendance for every clock
19 hour of instruction attended in the remote educational
20 program, provided that, in any month, the school district
21 may not claim for a student enrolled in a remote
22 educational program more days of attendance than the
23 maximum number of days of attendance the district can claim
24 (i) for students enrolled in a building holding year-round
25 classes if the student is classified as participating in
26 the remote educational program on a year-round schedule or

1 (ii) for students enrolled in a building not holding
2 year-round classes if the student is not classified as
3 participating in the remote educational program on a
4 year-round schedule.

5 (G) Equalized Assessed Valuation Data.

6 (1) For purposes of the calculation of Available Local
7 Resources required pursuant to subsection (D), the State Board
8 of Education shall secure from the Department of Revenue the
9 value as equalized or assessed by the Department of Revenue of
10 all taxable property of every school district, together with
11 (i) the applicable tax rate used in extending taxes for the
12 funds of the district as of September 30 of the previous year
13 and (ii) the limiting rate for all school districts subject to
14 property tax extension limitations as imposed under the
15 Property Tax Extension Limitation Law.

16 The Department of Revenue shall add to the equalized
17 assessed value of all taxable property of each school district
18 situated entirely or partially within a county that is or was
19 subject to the provisions of Section 15-176 or 15-177 of the
20 Property Tax Code (a) an amount equal to the total amount by
21 which the homestead exemption allowed under Section 15-176 or
22 15-177 of the Property Tax Code for real property situated in
23 that school district exceeds the total amount that would have
24 been allowed in that school district if the maximum reduction
25 under Section 15-176 was (i) \$4,500 in Cook County or \$3,500 in

1 all other counties in tax year 2003 or (ii) \$5,000 in all
2 counties in tax year 2004 and thereafter and (b) an amount
3 equal to the aggregate amount for the taxable year of all
4 additional exemptions under Section 15-175 of the Property Tax
5 Code for owners with a household income of \$30,000 or less. The
6 county clerk of any county that is or was subject to the
7 provisions of Section 15-176 or 15-177 of the Property Tax Code
8 shall annually calculate and certify to the Department of
9 Revenue for each school district all homestead exemption
10 amounts under Section 15-176 or 15-177 of the Property Tax Code
11 and all amounts of additional exemptions under Section 15-175
12 of the Property Tax Code for owners with a household income of
13 \$30,000 or less. It is the intent of this paragraph that if the
14 general homestead exemption for a parcel of property is
15 determined under Section 15-176 or 15-177 of the Property Tax
16 Code rather than Section 15-175, then the calculation of
17 Available Local Resources shall not be affected by the
18 difference, if any, between the amount of the general homestead
19 exemption allowed for that parcel of property under Section
20 15-176 or 15-177 of the Property Tax Code and the amount that
21 would have been allowed had the general homestead exemption for
22 that parcel of property been determined under Section 15-175 of
23 the Property Tax Code. It is further the intent of this
24 paragraph that if additional exemptions are allowed under
25 Section 15-175 of the Property Tax Code for owners with a
26 household income of less than \$30,000, then the calculation of

1 Available Local Resources shall not be affected by the
2 difference, if any, because of those additional exemptions.

3 This equalized assessed valuation, as adjusted further by
4 the requirements of this subsection, shall be utilized in the
5 calculation of Available Local Resources.

6 (2) The equalized assessed valuation in paragraph (1) shall
7 be adjusted, as applicable, in the following manner:

8 (a) For the purposes of calculating State aid under
9 this Section, with respect to any part of a school district
10 within a redevelopment project area in respect to which a
11 municipality has adopted tax increment allocation
12 financing pursuant to the Tax Increment Allocation
13 Redevelopment Act, Sections 11-74.4-1 through 11-74.4-11
14 of the Illinois Municipal Code or the Industrial Jobs
15 Recovery Law, Sections 11-74.6-1 through 11-74.6-50 of the
16 Illinois Municipal Code, no part of the current equalized
17 assessed valuation of real property located in any such
18 project area which is attributable to an increase above the
19 total initial equalized assessed valuation of such
20 property shall be used as part of the equalized assessed
21 valuation of the district, until such time as all
22 redevelopment project costs have been paid, as provided in
23 Section 11-74.4-8 of the Tax Increment Allocation
24 Redevelopment Act or in Section 11-74.6-35 of the
25 Industrial Jobs Recovery Law. For the purpose of the
26 equalized assessed valuation of the district, the total

1 initial equalized assessed valuation or the current
2 equalized assessed valuation, whichever is lower, shall be
3 used until such time as all redevelopment project costs
4 have been paid.

5 (b) The real property equalized assessed valuation for
6 a school district shall be adjusted by subtracting from the
7 real property value as equalized or assessed by the
8 Department of Revenue for the district an amount computed
9 by dividing the amount of any abatement of taxes under
10 Section 18-170 of the Property Tax Code by 3.00% for a
11 district maintaining grades kindergarten through 12, by
12 2.30% for a district maintaining grades kindergarten
13 through 8, or by 1.05% for a district maintaining grades 9
14 through 12 and adjusted by an amount computed by dividing
15 the amount of any abatement of taxes under subsection (a)
16 of Section 18-165 of the Property Tax Code by the same
17 percentage rates for district type as specified in this
18 subparagraph (b).

19 (3) For the 1999-2000 school year and each school year
20 thereafter, if a school district meets all of the criteria of
21 this subsection (G) (3), the school district's Available Local
22 Resources shall be calculated under subsection (D) using the
23 district's Extension Limitation Equalized Assessed Valuation
24 as calculated under this subsection (G) (3).

25 For purposes of this subsection (G) (3) the following terms
26 shall have the following meanings:

1 "Budget Year": The school year for which general State
2 aid is calculated and awarded under subsection (E).

3 "Base Tax Year": The property tax levy year used to
4 calculate the Budget Year allocation of general State aid.

5 "Preceding Tax Year": The property tax levy year
6 immediately preceding the Base Tax Year.

7 "Base Tax Year's Tax Extension": The product of the
8 equalized assessed valuation utilized by the County Clerk
9 in the Base Tax Year multiplied by the limiting rate as
10 calculated by the County Clerk and defined in the Property
11 Tax Extension Limitation Law.

12 "Preceding Tax Year's Tax Extension": The product of
13 the equalized assessed valuation utilized by the County
14 Clerk in the Preceding Tax Year multiplied by the Operating
15 Tax Rate as defined in subsection (A).

16 "Extension Limitation Ratio": A numerical ratio,
17 certified by the County Clerk, in which the numerator is
18 the Base Tax Year's Tax Extension and the denominator is
19 the Preceding Tax Year's Tax Extension.

20 "Operating Tax Rate": The operating tax rate as defined
21 in subsection (A).

22 If a school district is subject to property tax extension
23 limitations as imposed under the Property Tax Extension
24 Limitation Law, the State Board of Education shall calculate
25 the Extension Limitation Equalized Assessed Valuation of that
26 district. For the 1999-2000 school year, the Extension

1 Limitation Equalized Assessed Valuation of a school district as
2 calculated by the State Board of Education shall be equal to
3 the product of the district's 1996 Equalized Assessed Valuation
4 and the district's Extension Limitation Ratio. Except as
5 otherwise provided in this paragraph for a school district that
6 has approved or does approve an increase in its limiting rate,
7 for the 2000-2001 school year and each school year thereafter,
8 the Extension Limitation Equalized Assessed Valuation of a
9 school district as calculated by the State Board of Education
10 shall be equal to the product of the Equalized Assessed
11 Valuation last used in the calculation of general State aid and
12 the district's Extension Limitation Ratio. If the Extension
13 Limitation Equalized Assessed Valuation of a school district as
14 calculated under this subsection (G)(3) is less than the
15 district's equalized assessed valuation as calculated pursuant
16 to subsections (G)(1) and (G)(2), then for purposes of
17 calculating the district's general State aid for the Budget
18 Year pursuant to subsection (E), that Extension Limitation
19 Equalized Assessed Valuation shall be utilized to calculate the
20 district's Available Local Resources under subsection (D). For
21 the 2009-2010 school year and each school year thereafter, if a
22 school district has approved or does approve an increase in its
23 limiting rate, pursuant to Section 18-190 of the Property Tax
24 Code, affecting the Base Tax Year, the Extension Limitation
25 Equalized Assessed Valuation of the school district, as
26 calculated by the State Board of Education, shall be equal to

1 the product of the Equalized Assessed Valuation last used in
2 the calculation of general State aid times an amount equal to
3 one plus the percentage increase, if any, in the Consumer Price
4 Index for all Urban Consumers for all items published by the
5 United States Department of Labor for the 12-month calendar
6 year preceding the Base Tax Year, plus the Equalized Assessed
7 Valuation of new property, annexed property, and recovered tax
8 increment value and minus the Equalized Assessed Valuation of
9 disconnected property. New property and recovered tax
10 increment value shall have the meanings set forth in the
11 Property Tax Extension Limitation Law.

12 Partial elementary unit districts created in accordance
13 with Article 11E of this Code shall not be eligible for the
14 adjustment in this subsection (G)(3) until the fifth year
15 following the effective date of the reorganization.

16 (3.5) For the 2010-2011 school year and each school year
17 thereafter, if a school district's boundaries span multiple
18 counties, then the Department of Revenue shall send to the
19 State Board of Education, for the purpose of calculating
20 general State aid, the limiting rate and individual rates by
21 purpose for the county that contains the majority of the school
22 district's Equalized Assessed Valuation.

23 (4) For the purposes of calculating general State aid for
24 the 1999-2000 school year only, if a school district
25 experienced a triennial reassessment on the equalized assessed
26 valuation used in calculating its general State financial aid

1 apportionment for the 1998-1999 school year, the State Board of
2 Education shall calculate the Extension Limitation Equalized
3 Assessed Valuation that would have been used to calculate the
4 district's 1998-1999 general State aid. This amount shall equal
5 the product of the equalized assessed valuation used to
6 calculate general State aid for the 1997-1998 school year and
7 the district's Extension Limitation Ratio. If the Extension
8 Limitation Equalized Assessed Valuation of the school district
9 as calculated under this paragraph (4) is less than the
10 district's equalized assessed valuation utilized in
11 calculating the district's 1998-1999 general State aid
12 allocation, then for purposes of calculating the district's
13 general State aid pursuant to paragraph (5) of subsection (E),
14 that Extension Limitation Equalized Assessed Valuation shall
15 be utilized to calculate the district's Available Local
16 Resources.

17 (5) For school districts having a majority of their
18 equalized assessed valuation in any county except Cook, DuPage,
19 Kane, Lake, McHenry, or Will, if the amount of general State
20 aid allocated to the school district for the 1999-2000 school
21 year under the provisions of subsection (E), (H), and (J) of
22 this Section is less than the amount of general State aid
23 allocated to the district for the 1998-1999 school year under
24 these subsections, then the general State aid of the district
25 for the 1999-2000 school year only shall be increased by the
26 difference between these amounts. The total payments made under

1 this paragraph (5) shall not exceed \$14,000,000. Claims shall
2 be prorated if they exceed \$14,000,000.

3 (H) Supplemental General State Aid.

4 (1) In addition to the general State aid a school district
5 is allotted pursuant to subsection (E), qualifying school
6 districts shall receive a grant, paid in conjunction with a
7 district's payments of general State aid, for supplemental
8 general State aid based upon the concentration level of
9 children from low-income households within the school
10 district. Supplemental State aid grants provided for school
11 districts under this subsection shall be appropriated for
12 distribution to school districts as part of the same line item
13 in which the general State financial aid of school districts is
14 appropriated under this Section.

15 (1.5) This paragraph (1.5) applies only to those school
16 years preceding the 2003-2004 school year. For purposes of this
17 subsection (H), the term "Low-Income Concentration Level"
18 shall be the low-income eligible pupil count from the most
19 recently available federal census divided by the Average Daily
20 Attendance of the school district. If, however, (i) the
21 percentage decrease from the 2 most recent federal censuses in
22 the low-income eligible pupil count of a high school district
23 with fewer than 400 students exceeds by 75% or more the
24 percentage change in the total low-income eligible pupil count
25 of contiguous elementary school districts, whose boundaries

1 are coterminous with the high school district, or (ii) a high
2 school district within 2 counties and serving 5 elementary
3 school districts, whose boundaries are coterminous with the
4 high school district, has a percentage decrease from the 2 most
5 recent federal censuses in the low-income eligible pupil count
6 and there is a percentage increase in the total low-income
7 eligible pupil count of a majority of the elementary school
8 districts in excess of 50% from the 2 most recent federal
9 censuses, then the high school district's low-income eligible
10 pupil count from the earlier federal census shall be the number
11 used as the low-income eligible pupil count for the high school
12 district, for purposes of this subsection (H). The changes made
13 to this paragraph (1) by Public Act 92-28 shall apply to
14 supplemental general State aid grants for school years
15 preceding the 2003-2004 school year that are paid in fiscal
16 year 1999 or thereafter and to any State aid payments made in
17 fiscal year 1994 through fiscal year 1998 pursuant to
18 subsection 1(n) of Section 18-8 of this Code (which was
19 repealed on July 1, 1998), and any high school district that is
20 affected by Public Act 92-28 is entitled to a recomputation of
21 its supplemental general State aid grant or State aid paid in
22 any of those fiscal years. This recomputation shall not be
23 affected by any other funding.

24 (1.10) This paragraph (1.10) applies to the 2003-2004
25 school year and each school year thereafter. For purposes of
26 this subsection (H), the term "Low-Income Concentration Level"

1 shall, for each fiscal year, be the low-income eligible pupil
2 count as of July 1 of the immediately preceding fiscal year (as
3 determined by the Department of Human Services based on the
4 number of pupils who are eligible for at least one of the
5 following low income programs: Medicaid, the Children's Health
6 Insurance Program, TANF, or Food Stamps, excluding pupils who
7 are eligible for services provided by the Department of
8 Children and Family Services, averaged over the 2 immediately
9 preceding fiscal years for fiscal year 2004 and over the 3
10 immediately preceding fiscal years for each fiscal year
11 thereafter) divided by the Average Daily Attendance of the
12 school district.

13 (2) Supplemental general State aid pursuant to this
14 subsection (H) shall be provided as follows for the 1998-1999,
15 1999-2000, and 2000-2001 school years only:

16 (a) For any school district with a Low Income
17 Concentration Level of at least 20% and less than 35%, the
18 grant for any school year shall be \$800 multiplied by the
19 low income eligible pupil count.

20 (b) For any school district with a Low Income
21 Concentration Level of at least 35% and less than 50%, the
22 grant for the 1998-1999 school year shall be \$1,100
23 multiplied by the low income eligible pupil count.

24 (c) For any school district with a Low Income
25 Concentration Level of at least 50% and less than 60%, the
26 grant for the 1998-99 school year shall be \$1,500

1 multiplied by the low income eligible pupil count.

2 (d) For any school district with a Low Income
3 Concentration Level of 60% or more, the grant for the
4 1998-99 school year shall be \$1,900 multiplied by the low
5 income eligible pupil count.

6 (e) For the 1999-2000 school year, the per pupil amount
7 specified in subparagraphs (b), (c), and (d) immediately
8 above shall be increased to \$1,243, \$1,600, and \$2,000,
9 respectively.

10 (f) For the 2000-2001 school year, the per pupil
11 amounts specified in subparagraphs (b), (c), and (d)
12 immediately above shall be \$1,273, \$1,640, and \$2,050,
13 respectively.

14 (2.5) Supplemental general State aid pursuant to this
15 subsection (H) shall be provided as follows for the 2002-2003
16 school year:

17 (a) For any school district with a Low Income
18 Concentration Level of less than 10%, the grant for each
19 school year shall be \$355 multiplied by the low income
20 eligible pupil count.

21 (b) For any school district with a Low Income
22 Concentration Level of at least 10% and less than 20%, the
23 grant for each school year shall be \$675 multiplied by the
24 low income eligible pupil count.

25 (c) For any school district with a Low Income
26 Concentration Level of at least 20% and less than 35%, the

1 grant for each school year shall be \$1,330 multiplied by
2 the low income eligible pupil count.

3 (d) For any school district with a Low Income
4 Concentration Level of at least 35% and less than 50%, the
5 grant for each school year shall be \$1,362 multiplied by
6 the low income eligible pupil count.

7 (e) For any school district with a Low Income
8 Concentration Level of at least 50% and less than 60%, the
9 grant for each school year shall be \$1,680 multiplied by
10 the low income eligible pupil count.

11 (f) For any school district with a Low Income
12 Concentration Level of 60% or more, the grant for each
13 school year shall be \$2,080 multiplied by the low income
14 eligible pupil count.

15 (2.10) Except as otherwise provided, supplemental general
16 State aid pursuant to this subsection (H) shall be provided as
17 follows for the 2003-2004 school year and each school year
18 thereafter:

19 (a) For any school district with a Low Income
20 Concentration Level of 15% or less, the grant for each
21 school year shall be \$355 multiplied by the low income
22 eligible pupil count.

23 (b) For any school district with a Low Income
24 Concentration Level greater than 15%, the grant for each
25 school year shall be \$294.25 added to the product of \$2,700
26 and the square of the Low Income Concentration Level, all

1 multiplied by the low income eligible pupil count.

2 For the 2003-2004 school year and each school year
3 thereafter through the 2008-2009 school year only, the grant
4 shall be no less than the grant for the 2002-2003 school year.
5 For the 2009-2010 school year only, the grant shall be no less
6 than the grant for the 2002-2003 school year multiplied by
7 0.66. For the 2010-2011 school year only, the grant shall be no
8 less than the grant for the 2002-2003 school year multiplied by
9 0.33. Notwithstanding the provisions of this paragraph to the
10 contrary, if for any school year supplemental general State aid
11 grants are prorated as provided in paragraph (1) of this
12 subsection (H), then the grants under this paragraph shall be
13 prorated.

14 For the 2003-2004 school year only, the grant shall be no
15 greater than the grant received during the 2002-2003 school
16 year added to the product of 0.25 multiplied by the difference
17 between the grant amount calculated under subsection (a) or (b)
18 of this paragraph (2.10), whichever is applicable, and the
19 grant received during the 2002-2003 school year. For the
20 2004-2005 school year only, the grant shall be no greater than
21 the grant received during the 2002-2003 school year added to
22 the product of 0.50 multiplied by the difference between the
23 grant amount calculated under subsection (a) or (b) of this
24 paragraph (2.10), whichever is applicable, and the grant
25 received during the 2002-2003 school year. For the 2005-2006
26 school year only, the grant shall be no greater than the grant

1 received during the 2002-2003 school year added to the product
2 of 0.75 multiplied by the difference between the grant amount
3 calculated under subsection (a) or (b) of this paragraph
4 (2.10), whichever is applicable, and the grant received during
5 the 2002-2003 school year.

6 (3) School districts with an Average Daily Attendance of
7 more than 1,000 and less than 50,000 that qualify for
8 supplemental general State aid pursuant to this subsection
9 shall submit a plan to the State Board of Education prior to
10 October 30 of each year for the use of the funds resulting from
11 this grant of supplemental general State aid for the
12 improvement of instruction in which priority is given to
13 meeting the education needs of disadvantaged children. Such
14 plan shall be submitted in accordance with rules and
15 regulations promulgated by the State Board of Education.

16 (4) School districts with an Average Daily Attendance of
17 50,000 or more that qualify for supplemental general State aid
18 pursuant to this subsection shall be required to distribute
19 from funds available pursuant to this Section, no less than
20 \$261,000,000 in accordance with the following requirements:

21 (a) The required amounts shall be distributed to the
22 attendance centers within the district in proportion to the
23 number of pupils enrolled at each attendance center who are
24 eligible to receive free or reduced-price lunches or
25 breakfasts under the federal Child Nutrition Act of 1966
26 and under the National School Lunch Act during the

1 immediately preceding school year.

2 (b) The distribution of these portions of supplemental
3 and general State aid among attendance centers according to
4 these requirements shall not be compensated for or
5 contravened by adjustments of the total of other funds
6 appropriated to any attendance centers, and the Board of
7 Education shall utilize funding from one or several sources
8 in order to fully implement this provision annually prior
9 to the opening of school.

10 (c) Each attendance center shall be provided by the
11 school district a distribution of noncategorical funds and
12 other categorical funds to which an attendance center is
13 entitled under law in order that the general State aid and
14 supplemental general State aid provided by application of
15 this subsection supplements rather than supplants the
16 noncategorical funds and other categorical funds provided
17 by the school district to the attendance centers.

18 (d) Any funds made available under this subsection that
19 by reason of the provisions of this subsection are not
20 required to be allocated and provided to attendance centers
21 may be used and appropriated by the board of the district
22 for any lawful school purpose.

23 (e) Funds received by an attendance center pursuant to
24 this subsection shall be used by the attendance center at
25 the discretion of the principal and local school council
26 for programs to improve educational opportunities at

1 qualifying schools through the following programs and
2 services: early childhood education, reduced class size or
3 improved adult to student classroom ratio, enrichment
4 programs, remedial assistance, attendance improvement, and
5 other educationally beneficial expenditures which
6 supplement the regular and basic programs as determined by
7 the State Board of Education. Funds provided shall not be
8 expended for any political or lobbying purposes as defined
9 by board rule.

10 (f) Each district subject to the provisions of this
11 subdivision (H)(4) shall submit an acceptable plan to meet
12 the educational needs of disadvantaged children, in
13 compliance with the requirements of this paragraph, to the
14 State Board of Education prior to July 15 of each year.
15 This plan shall be consistent with the decisions of local
16 school councils concerning the school expenditure plans
17 developed in accordance with part 4 of Section 34-2.3. The
18 State Board shall approve or reject the plan within 60 days
19 after its submission. If the plan is rejected, the district
20 shall give written notice of intent to modify the plan
21 within 15 days of the notification of rejection and then
22 submit a modified plan within 30 days after the date of the
23 written notice of intent to modify. Districts may amend
24 approved plans pursuant to rules promulgated by the State
25 Board of Education.

26 Upon notification by the State Board of Education that

1 the district has not submitted a plan prior to July 15 or a
2 modified plan within the time period specified herein, the
3 State aid funds affected by that plan or modified plan
4 shall be withheld by the State Board of Education until a
5 plan or modified plan is submitted.

6 If the district fails to distribute State aid to
7 attendance centers in accordance with an approved plan, the
8 plan for the following year shall allocate funds, in
9 addition to the funds otherwise required by this
10 subsection, to those attendance centers which were
11 underfunded during the previous year in amounts equal to
12 such underfunding.

13 For purposes of determining compliance with this
14 subsection in relation to the requirements of attendance
15 center funding, each district subject to the provisions of
16 this subsection shall submit as a separate document by
17 December 1 of each year a report of expenditure data for
18 the prior year in addition to any modification of its
19 current plan. If it is determined that there has been a
20 failure to comply with the expenditure provisions of this
21 subsection regarding contravention or supplanting, the
22 State Superintendent of Education shall, within 60 days of
23 receipt of the report, notify the district and any affected
24 local school council. The district shall within 45 days of
25 receipt of that notification inform the State
26 Superintendent of Education of the remedial or corrective

1 action to be taken, whether by amendment of the current
2 plan, if feasible, or by adjustment in the plan for the
3 following year. Failure to provide the expenditure report
4 or the notification of remedial or corrective action in a
5 timely manner shall result in a withholding of the affected
6 funds.

7 The State Board of Education shall promulgate rules and
8 regulations to implement the provisions of this
9 subsection. No funds shall be released under this
10 subdivision (H) (4) to any district that has not submitted a
11 plan that has been approved by the State Board of
12 Education.

13 (I) (Blank).

14 (J) (Blank).

15 (K) Grants to Laboratory and Alternative Schools.

16 In calculating the amount to be paid to the governing board
17 of a public university that operates a laboratory school under
18 this Section or to any alternative school that is operated by a
19 regional superintendent of schools, the State Board of
20 Education shall require by rule such reporting requirements as
21 it deems necessary.

22 As used in this Section, "laboratory school" means a public
23 school which is created and operated by a public university and

1 approved by the State Board of Education. The governing board
2 of a public university which receives funds from the State
3 Board under this subsection (K) may not increase the number of
4 students enrolled in its laboratory school from a single
5 district, if that district is already sending 50 or more
6 students, except under a mutual agreement between the school
7 board of a student's district of residence and the university
8 which operates the laboratory school. A laboratory school may
9 not have more than 1,000 students, excluding students with
10 disabilities in a special education program.

11 As used in this Section, "alternative school" means a
12 public school which is created and operated by a Regional
13 Superintendent of Schools and approved by the State Board of
14 Education. Such alternative schools may offer courses of
15 instruction for which credit is given in regular school
16 programs, courses to prepare students for the high school
17 equivalency testing program or vocational and occupational
18 training. A regional superintendent of schools may contract
19 with a school district or a public community college district
20 to operate an alternative school. An alternative school serving
21 more than one educational service region may be established by
22 the regional superintendents of schools of the affected
23 educational service regions. An alternative school serving
24 more than one educational service region may be operated under
25 such terms as the regional superintendents of schools of those
26 educational service regions may agree.

1 Each laboratory and alternative school shall file, on forms
2 provided by the State Superintendent of Education, an annual
3 State aid claim which states the Average Daily Attendance of
4 the school's students by month. The best 3 months' Average
5 Daily Attendance shall be computed for each school. The general
6 State aid entitlement shall be computed by multiplying the
7 applicable Average Daily Attendance by the Foundation Level as
8 determined under this Section.

9 (L) Payments, Additional Grants in Aid and Other Requirements.

10 (1) For a school district operating under the financial
11 supervision of an Authority created under Article 34A, the
12 general State aid otherwise payable to that district under this
13 Section, but not the supplemental general State aid, shall be
14 reduced by an amount equal to the budget for the operations of
15 the Authority as certified by the Authority to the State Board
16 of Education, and an amount equal to such reduction shall be
17 paid to the Authority created for such district for its
18 operating expenses in the manner provided in Section 18-11. The
19 remainder of general State school aid for any such district
20 shall be paid in accordance with Article 34A when that Article
21 provides for a disposition other than that provided by this
22 Article.

23 (2) (Blank).

24 (3) Summer school. Summer school payments shall be made as
25 provided in Section 18-4.3.

1 (M) Education Funding Advisory Board.

2 The Education Funding Advisory Board, hereinafter in this
3 subsection (M) referred to as the "Board", is hereby created.
4 The Board shall consist of 5 members who are appointed by the
5 Governor, by and with the advice and consent of the Senate. The
6 members appointed shall include representatives of education,
7 business, and the general public. One of the members so
8 appointed shall be designated by the Governor at the time the
9 appointment is made as the chairperson of the Board. The
10 initial members of the Board may be appointed any time after
11 the effective date of this amendatory Act of 1997. The regular
12 term of each member of the Board shall be for 4 years from the
13 third Monday of January of the year in which the term of the
14 member's appointment is to commence, except that of the 5
15 initial members appointed to serve on the Board, the member who
16 is appointed as the chairperson shall serve for a term that
17 commences on the date of his or her appointment and expires on
18 the third Monday of January, 2002, and the remaining 4 members,
19 by lots drawn at the first meeting of the Board that is held
20 after all 5 members are appointed, shall determine 2 of their
21 number to serve for terms that commence on the date of their
22 respective appointments and expire on the third Monday of
23 January, 2001, and 2 of their number to serve for terms that
24 commence on the date of their respective appointments and
25 expire on the third Monday of January, 2000. All members

1 appointed to serve on the Board shall serve until their
2 respective successors are appointed and confirmed. Vacancies
3 shall be filled in the same manner as original appointments. If
4 a vacancy in membership occurs at a time when the Senate is not
5 in session, the Governor shall make a temporary appointment
6 until the next meeting of the Senate, when he or she shall
7 appoint, by and with the advice and consent of the Senate, a
8 person to fill that membership for the unexpired term. If the
9 Senate is not in session when the initial appointments are
10 made, those appointments shall be made as in the case of
11 vacancies.

12 The Education Funding Advisory Board shall be deemed
13 established, and the initial members appointed by the Governor
14 to serve as members of the Board shall take office, on the date
15 that the Governor makes his or her appointment of the fifth
16 initial member of the Board, whether those initial members are
17 then serving pursuant to appointment and confirmation or
18 pursuant to temporary appointments that are made by the
19 Governor as in the case of vacancies.

20 The State Board of Education shall provide such staff
21 assistance to the Education Funding Advisory Board as is
22 reasonably required for the proper performance by the Board of
23 its responsibilities.

24 For school years after the 2000-2001 school year, the
25 Education Funding Advisory Board, in consultation with the
26 State Board of Education, shall make recommendations as

1 provided in this subsection (M) to the General Assembly for the
2 foundation level under subdivision (B)(3) of this Section and
3 for the supplemental general State aid grant level under
4 subsection (H) of this Section for districts with high
5 concentrations of children from poverty. The recommended
6 foundation level shall be determined based on a methodology
7 which incorporates the basic education expenditures of
8 low-spending schools exhibiting high academic performance. The
9 Education Funding Advisory Board shall make such
10 recommendations to the General Assembly on January 1 of odd
11 numbered years, beginning January 1, 2001.

12 (N) (Blank).

13 (O) References.

14 (1) References in other laws to the various subdivisions of
15 Section 18-8 as that Section existed before its repeal and
16 replacement by this Section 18-8.05 shall be deemed to refer to
17 the corresponding provisions of this Section 18-8.05, to the
18 extent that those references remain applicable.

19 (2) References in other laws to State Chapter 1 funds shall
20 be deemed to refer to the supplemental general State aid
21 provided under subsection (H) of this Section.

22 (P) Public Act 93-838 and Public Act 93-808 make inconsistent
23 changes to this Section. Under Section 6 of the Statute on

1 Statutes there is an irreconcilable conflict between Public Act
2 93-808 and Public Act 93-838. Public Act 93-838, being the last
3 acted upon, is controlling. The text of Public Act 93-838 is
4 the law regardless of the text of Public Act 93-808.

5 (Source: P.A. 96-45, eff. 7-15-09; 96-152, eff. 8-7-09; 96-300,
6 eff. 8-11-09; 96-328, eff. 8-11-09; 96-640, eff. 8-24-09;
7 96-959, eff. 7-1-10; 96-1000, eff. 7-2-10; 96-1480, eff.
8 11-18-10; 97-339, eff. 8-12-11; 97-351, eff. 8-12-11; 97-742,
9 eff. 6-30-13; 97-813, eff. 7-13-12.)

10 (105 ILCS 5/19-3) (from Ch. 122, par. 19-3)

11 Sec. 19-3. Boards of education. Any school district
12 governed by a board of education and having a population of not
13 more than 500,000 inhabitants, and not governed by a special
14 Act may borrow money for the purpose of building, equipping,
15 altering or repairing school buildings or purchasing or
16 improving school sites, or acquiring and equipping
17 playgrounds, recreation grounds, athletic fields, and other
18 buildings or land used or useful for school purposes or for the
19 purpose of purchasing a site, with or without a building or
20 buildings thereon, or for the building of a house or houses on
21 such site, or for the building of a house or houses on the
22 school site of the school district, for residential purposes of
23 the superintendent, principal, or teachers of the school
24 district, and issue its negotiable coupon bonds therefor signed
25 by the president and secretary of the board, in denominations

1 of not less than \$100 nor more than \$5,000, payable at such
2 place and at such time or times, not exceeding 20 years, with
3 the exception of Lockport High School not exceeding 25 years,
4 from date of issuance, as the board of education may prescribe,
5 and bearing interest at a rate not to exceed the maximum rate
6 authorized by the Bond Authorization Act, as amended at the
7 time of the making of the contract, payable annually,
8 semiannually or quarterly, but, with the exception of those
9 bonds described in Section 17-2.11d of this Code, no such bonds
10 shall be issued unless the proposition to issue them is
11 submitted to the voters of the district at a referendum held at
12 a regularly scheduled election after the board has certified
13 the proposition to the proper election authorities in
14 accordance with the general election law, a majority of all the
15 votes cast on the proposition is in favor of the proposition,
16 and notice of such bond referendum has been given either (i) in
17 accordance with the second paragraph of Section 12-1 of the
18 Election Code irrespective of whether such notice included any
19 reference to the public question as it appeared on the ballot,
20 or (ii) for an election held on or after November 1, 1998, in
21 accordance with Section 12-5 of the Election Code, or (iii) by
22 publication of a true and legible copy of the specimen ballot
23 label containing the proposition in the form in which it
24 appeared or will appear on the official ballot label on the day
25 of the election at least 5 days before the day of the election
26 in at least one newspaper published in and having a general

1 circulation in the district, irrespective of any other
2 requirements of Article 12 or Section 24A-18 of the Election
3 Code, nor shall any residential site be acquired unless such
4 proposition to acquire a site is submitted to the voters of the
5 district at a referendum held at a regularly scheduled election
6 after the board has certified the proposition to the proper
7 election authorities in accordance with the general election
8 law and a majority of all the votes cast on the proposition is
9 in favor of the proposition. Nothing in this Act or in any
10 other law shall be construed to require the notice of the bond
11 referendum to be published over the name or title of the
12 election authority or the listing of maturity dates of any
13 bonds either in the notice of bond election or ballot used in
14 the bond election. The provisions of this Section concerning
15 notice of the bond referendum apply only to (i) consolidated
16 primary elections held prior to January 1, 2002 and the
17 consolidated election held on April 17, 2007 at which not less
18 than 60% of the voters voting on the bond proposition voted in
19 favor of the bond proposition, and (ii) other elections held
20 before July 1, 1999; otherwise, notices required in connection
21 with the submission of public questions shall be as set forth
22 in Section 12-5 of the Election Code. Such proposition may be
23 initiated by resolution of the school board.

24 With respect to instruments for the payment of money issued
25 under this Section either before, on, or after the effective
26 date of this amendatory Act of 1989, it is and always has been

1 the intention of the General Assembly (i) that the Omnibus Bond
2 Acts are and always have been supplementary grants of power to
3 issue instruments in accordance with the Omnibus Bond Acts,
4 regardless of any provision of this Act that may appear to be
5 or to have been more restrictive than those Acts, (ii) that the
6 provisions of this Section are not a limitation on the
7 supplementary authority granted by the Omnibus Bond Acts, and
8 (iii) that instruments issued under this Section within the
9 supplementary authority granted by the Omnibus Bond Acts are
10 not invalid because of any provision of this Act that may
11 appear to be or to have been more restrictive than those Acts.

12 The proceeds of any bonds issued under authority of this
13 Section shall be deposited and accounted for separately within
14 the Site and Construction/Capital Improvements Fund.

15 (Source: P.A. 95-30, eff. 8-7-07; 96-787, eff. 8-28-09.)

16 (105 ILCS 5/21A-3 new)

17 Sec. 21A-3. Goals. The New Teacher Induction and Mentoring
18 Program under this Article shall accomplish the following
19 goals:

20 (1) provide an effective transition into the teaching
21 career for first year and second-year teachers in Illinois;

22 (2) improve the educational performance of pupils
23 through improved training, information, and assistance for
24 new teachers;

25 (3) ensure professional success and retention of new

- 1 teachers;
- 2 (4) ensure that mentors provide intensive
3 individualized support and assistance to each
4 participating beginning teacher;
- 5 (5) ensure that an individual induction plan is in
6 place for each beginning teacher and is based on an ongoing
7 assessment of the development of the beginning teacher; and
- 8 (6) ensure continuous program improvement through
9 ongoing research, development and evaluation.

10 (105 ILCS 5/21A-5)

11 Sec. 21A-5. Definitions. In this Article:

12 "New teacher" or "beginning teacher" means the holder of an
13 Initial Teaching Certificate, as set forth in Section 21-2 of
14 this Code, an Alternative Teaching Certificate, or a
15 Transitional Bilingual Teaching Certificate, who is employed
16 by a public school and who has not previously participated in a
17 new teacher induction and mentoring program required by this
18 Article, except as provided in Section 21A-25 of this Code.

19 "Public school" means any school operating pursuant to the
20 authority of this Code, including without limitation a school
21 district, a charter school, a cooperative or joint agreement
22 with a governing body or board of control, and a school
23 operated by a regional office of education or State agency.

24 (Source: P.A. 93-355, eff. 1-1-04.)

1 (105 ILCS 5/21A-10)

2 Sec. 21A-10. Development of program required. Prior to the
3 2015-2016 ~~During the 2003-2004~~ school year, each public school
4 or 2 or more public schools acting jointly shall develop, in
5 conjunction with its exclusive representative or their
6 exclusive representatives, if any, a new teacher induction and
7 mentoring program that meets the requirements set forth in
8 Section 21A-20 of this Code to assist new teachers in
9 developing the skills and strategies necessary for
10 instructional excellence, provided that funding is made
11 available by the State Board of Education from an appropriation
12 made for this purpose. ~~A public school that has an existing~~
13 ~~induction and mentoring program that does not meet the~~
14 ~~requirements set forth in Section 21A-20 of this Code may have~~
15 ~~school years 2003-2004 and 2004-2005 to develop a program that~~
16 ~~does meet those requirements and may receive funding as~~
17 ~~described in Section 21A-25 of this Code, provided that the~~
18 ~~funding is made available by the State Board of Education from~~
19 ~~an appropriation made for this purpose. A public school with~~
20 ~~such an existing induction and mentoring program may receive~~
21 ~~funding for the 2005-2006 school year for each new teacher in~~
22 ~~the second year of a 2-year program that does not meet the~~
23 ~~requirements set forth in Section 21A-20, as long as the public~~
24 ~~school has established the required new program by the~~
25 ~~beginning of that school year as described in Section 21A-15~~
26 ~~and provided that funding is made available by the State Board~~

1 ~~of Education from an appropriation made for this purpose as~~
2 ~~described in Section 21A-25.~~

3 (Source: P.A. 93-355, eff. 1-1-04.)

4 (105 ILCS 5/21A-15)

5 Sec. 21A-15. When program is to be established and
6 implemented. Notwithstanding any other provisions of this
7 Code, by the beginning of the 2015-2016 ~~2004-2005~~ school year
8 ~~(or by the beginning of the 2005-2006 school year for a public~~
9 ~~school that has been given an extension of time to develop a~~
10 ~~program under Section 21A-10 of this Code),~~ each public school
11 or 2 or more public schools acting jointly shall establish and
12 implement, in conjunction with its exclusive representative or
13 their exclusive representatives, if any, the new teacher
14 induction and mentoring program required to be developed under
15 Section 21A-10 of this Code, provided that funding is made
16 available by the State Board of Education, from an
17 appropriation made for this purpose, as described in Section
18 21A-25 of this Code. A public school may contract with an
19 institution of higher education or other independent party to
20 assist in implementing the program.

21 (Source: P.A. 93-355, eff. 1-1-04.)

22 (105 ILCS 5/21A-20)

23 Sec. 21A-20. Program requirements. Each new teacher
24 induction and mentoring program must be based on a plan that at

1 least does all of the following:

2 (1) Assigns a mentor teacher to each new teacher to
3 provide structured and intensive mentoring, as defined by
4 the State Board of Education, for a period of at least 2
5 school years.

6 (1.5) Ensures mentors are:

7 (A) carefully selected from experienced, exemplary
8 teachers using a clearly articulated, well-defined,
9 explicit criteria and open processes that may involve
10 key school partners;

11 (B) rigorously trained using best practices in the
12 field to ensure they are well prepared to assume their
13 responsibilities and are consistently supported in
14 their efforts to assist beginning teachers;

15 (C) provided with sufficient release time from
16 teaching to allow them to meet their responsibilities
17 as mentors, including regular contacts with their
18 beginning teachers and frequent observations of their
19 teaching practice; and

20 (D) equipped and selected to provide
21 classroom-focused and content-focused support whenever
22 possible.

23 (2) Aligns with the Illinois Professional Teaching
24 Standards, content area standards, and applicable local
25 school improvement and professional development plans, if
26 any.

1 (3) (Blank). ~~Addresses all of the following elements~~
2 ~~and how they will be provided:~~

3 ~~(A) Mentoring and support of the new teacher.~~

4 ~~(B) Professional development specifically designed~~
5 ~~to ensure the growth of the new teacher's knowledge and~~
6 ~~skills.~~

7 ~~(C) Formative assessment designed to ensure~~
8 ~~feedback and reflection, which must not be used in any~~
9 ~~evaluation of the new teacher.~~

10 (4) Describes the role of mentor teachers, the criteria
11 and process for their selection, and how they will be
12 trained, provided that each mentor teacher shall
13 demonstrate the best practices in teaching his or her
14 respective field of practice. A mentor teacher may not
15 directly or indirectly participate in the evaluation of a
16 new teacher pursuant to Article 24A of this Code or the
17 evaluation procedure of the public school, unless the
18 school district and exclusive bargaining representative of
19 its teachers negotiate and agree to it as part of an
20 alternative evaluation plan under Section 24A-5 or 24A-8 of
21 this Code.

22 (5) Provides ongoing professional development for both
23 beginning teachers and mentors.

24 (A) Beginning teachers shall participate in an
25 ongoing, formal network of novice colleagues for the
26 purpose of professional learning, problem-solving, and

1 mutual support. These regular learning opportunities
2 shall begin with an orientation to the induction and
3 mentoring program prior to the start of the school year
4 and continue throughout the academic year. The group
5 shall address issues of pedagogy, classroom management
6 and content knowledge, beginning teachers' assessed
7 needs, and local instructional needs or priorities.

8 (B) Mentors shall participate in an ongoing
9 professional learning community that supports their
10 practice and their use of mentoring tools, protocols,
11 and formative assessment in order to tailor and deepen
12 mentoring skills and advance induction practices,
13 support program implementation, provide for mentor
14 accountability in a supportive environment, and
15 provide support to each mentor's emerging leadership.

16 (6) Provides for ongoing assessment of beginning
17 teacher practice. Beginning teachers shall be subject to a
18 system of formative assessment in which the novice and
19 mentor collaboratively collect and analyze multiple
20 sources of data and reflect upon classroom practice in an
21 ongoing process. This assessment system shall be based on
22 the Illinois Professional Teaching Standards (IPTs), the
23 IPTS Continuum of Teacher Development, or a nationally
24 recognized teaching framework, as well as evidence of
25 teacher practice, including student work. The assessment
26 information shall be used to determine the scope, focus,

1 and content of professional development activities that
2 are the basis of the beginning teacher's individual
3 learning plan. The program shall provide time to ensure
4 that the quality of the process (such as observations, data
5 collection, and reflective conversations) is not
6 compromised.

7 (7) Identifies clear roles and responsibilities for
8 both administrators and site mentor leaders who are to work
9 collectively to ensure induction practices are integrated
10 into existing professional development initiatives and to
11 secure assignments and establish working conditions for
12 beginning teachers that maximize their chances for
13 success. Administrators and site mentor leaders must have
14 sufficient knowledge and experience to understand the
15 needs of beginning teachers and the role of principals in
16 supporting each component of the program. Site
17 administrators must take time to meet and communicate
18 concerns with beginning teachers and their mentors.

19 (8) Provides for ongoing evaluation of the New Teacher
20 Induction and Mentoring Program pursuant to Section 21A-30
21 of this Code.

22 (Source: P.A. 93-355, eff. 1-1-04.)

23 (105 ILCS 5/21A-25)

24 Sec. 21A-25. Funding. From a separate appropriation made
25 for the purposes of this Article, for each new teacher

1 ~~participating in a new teacher induction and mentoring program~~
2 that meets the requirements set forth in Section 21A-20 of this
3 Code ~~or in an existing program that is in the process of~~
4 ~~transition to a program that meets those requirements,~~ the
5 State Board of Education shall pay the public school \$6,000
6 ~~\$1,200~~ annually for each of 2 school years for the purpose of
7 providing one or more of the following:

8 (1) Mentor teacher compensation.

9 (2) Mentor teacher training and other resources, ~~or~~ new
10 teacher training and other resources, or both.

11 (3) Release time, including costs associated with
12 replacing a mentor teacher or new teacher in his or her
13 regular classroom.

14 (4) Site-based program administration, not to exceed
15 10% of the total program cost.

16 However, if a new teacher, after participating in the new
17 teacher induction and mentoring program for one school year,
18 becomes employed by another public school, the State Board of
19 Education shall pay the teacher's new school \$6,000 ~~\$1,200~~ for
20 the second school year and the teacher shall continue to be a
21 new teacher as defined in this Article. Each public school
22 shall determine, in conjunction with its exclusive
23 representative, if any, how the \$6,000 ~~\$1,200~~ per school year
24 for each new teacher shall be used, provided that if a mentor
25 teacher receives additional release time to support a new
26 teacher, the total workload of other teachers regularly

1 employed by the public school shall not increase in any
2 substantial manner. If the appropriation is insufficient to
3 cover the \$6,000 ~~\$1,200~~ per school year for each new teacher,
4 public schools are not required to develop or implement the
5 program established by this Article. In the event of an
6 insufficient appropriation, a public school or 2 or more
7 schools acting jointly may submit an application for a grant
8 administered by the State Board of Education and awarded on a
9 competitive basis to establish a new teacher induction and
10 mentoring program that meets the criteria set forth in Section
11 21A-20 of this Code. The State Board of Education may retain up
12 to \$1,000,000 of the appropriation for new teacher induction
13 and mentoring programs to train mentor teachers,
14 administrators, and other personnel, to provide best practices
15 information, and to conduct an evaluation of these programs'
16 impact and effectiveness.

17 (Source: P.A. 93-355, eff. 1-1-04.)

18 (105 ILCS 5/21A-30)

19 Sec. 21A-30. Evaluation of programs. The State Board of
20 Education and the State Teacher Certification Board shall
21 jointly contract with an independent party to conduct a
22 comprehensive evaluation of new teacher induction and
23 mentoring programs established pursuant to this Article. The
24 first report of this evaluation shall be presented to the
25 General Assembly on or before January 1, 2017 ~~2009~~. Subsequent

1 evaluations shall be conducted and reports presented to the
2 General Assembly on or before January 1 of every third year
3 thereafter. Additionally, the State Board of Education shall
4 prepare an annual program report for the General Assembly on or
5 before December 31 each year. It shall summarize local program
6 design, indicate the number of teachers served, and document
7 rates of new teacher attrition and retention.

8 (Source: P.A. 93-355, eff. 1-1-04.)

9 (105 ILCS 5/23-3) (from Ch. 122, par. 23-3)

10 Sec. 23-3. Filing copy of constitution, by-laws and
11 amendments. Within 30 days after the adoption by any such
12 association of its constitution or by-laws or any amendment
13 thereto, it shall file a copy thereof, certified by its
14 president and executive director, with the Governor, the State
15 Superintendent of Education, ~~Public Instruction~~ and the
16 regional county superintendent of schools of each region county
17 in which it has any membership.

18 (Source: Laws 1961, p. 31.)

19 (105 ILCS 5/23-5.5 new)

20 Sec. 23-5.5. Professional development and training. Any
21 such association shall offer professional development and
22 training to school board members on topics that include, but
23 are not limited to, basics of school finance, financial
24 oversight and accountability, labor law and collective

1 bargaining, ethics, duties and responsibilities of a school
2 board member, and board governance principles. Every school
3 board member is expected to receive at least 4 hours of
4 professional development and training per year.

5 (105 ILCS 5/23-6) (from Ch. 122, par. 23-6)

6 Sec. 23-6. Annual report. Each association shall make an
7 annual report within 60 days after the close of its fiscal year
8 to the Governor, the State Board of Education and the regional
9 superintendent of schools of each region in which it has
10 members, setting forth the activities of the association for
11 the preceding fiscal year, the institutes held, the subjects
12 discussed, and the attendance, and shall furnish the Governor,
13 the State Board of Education and such regional superintendents
14 with copies of all publications sent to its members. The
15 association shall include the board training topics offered and
16 the number of school board members that availed themselves of
17 professional development and training.

18 (Source: P.A. 81-1508.)

19 (105 ILCS 5/29-5) (from Ch. 122, par. 29-5)

20 Sec. 29-5. Reimbursement by State for transportation. Any
21 school district, maintaining a school, transporting resident
22 pupils to another school district's vocational program,
23 offered through a joint agreement approved by the State Board
24 of Education, as provided in Section 10-22.22 or transporting

1 its resident pupils to a school which meets the standards for
2 recognition as established by the State Board of Education
3 which provides transportation meeting the standards of safety,
4 comfort, convenience, efficiency and operation prescribed by
5 the State Board of Education for resident pupils in
6 pre-kindergarten, kindergarten, or any of grades 1 through 12
7 who: (a) reside at least 1 1/2 miles as measured by the
8 customary route of travel, from the school attended; or (b)
9 reside in areas where conditions are such that walking
10 constitutes a hazard to the safety of the child when determined
11 under Section 29-3; and (c) are transported to the school
12 attended from pick-up points at the beginning of the school day
13 and back again at the close of the school day or transported to
14 and from their assigned attendance centers during the school
15 day, shall be reimbursed by the State as hereinafter provided
16 in this Section.

17 The State will pay the cost of transporting eligible pupils
18 less the assessed valuation in a dual school district
19 maintaining secondary grades 9 to 12 inclusive times a
20 qualifying rate of .05%; in elementary school districts
21 maintaining grades pre-K ~~K~~ to 8 times a qualifying rate of
22 .06%; and in unit districts maintaining any of grades pre-K ~~K~~
23 to 12, including optional elementary unit districts and
24 combined high school - unit districts, times a qualifying rate
25 of .07%; provided that for optional elementary unit districts
26 and combined high school - unit districts, assessed valuation

1 for high school purposes, as defined in Article 11E of this
2 Code, must be used. To be eligible to receive reimbursement in
3 excess of 4/5 of the cost to transport eligible pupils, a
4 school district shall have a Transportation Fund tax rate of at
5 least .12%. If a school district does not have a .12%
6 Transportation Fund tax rate, the amount of its claim in excess
7 of 4/5 of the cost of transporting pupils shall be reduced by
8 the sum arrived at by subtracting the Transportation Fund tax
9 rate from .12% and multiplying that amount by the districts
10 equalized or assessed valuation, provided, that in no case
11 shall said reduction result in reimbursement of less than 4/5
12 of the cost to transport eligible pupils.

13 The minimum amount to be received by a district is \$16
14 times the number of eligible pupils transported.

15 When calculating the reimbursement for transportation
16 costs, the State Board of Education may not deduct the number
17 of pupils enrolled in early education programs from the number
18 of pupils eligible for reimbursement if the pupils enrolled in
19 the early education programs are transported at the same time
20 as other eligible pupils.

21 Any such district transporting resident pupils during the
22 school day to an area vocational school or another school
23 district's vocational program more than 1 1/2 miles from the
24 school attended, as provided in Sections 10-22.20a and
25 10-22.22, shall be reimbursed by the State for 4/5 of the cost
26 of transporting eligible pupils.

1 School day means that period of time which the pupil is
2 required to be in attendance for instructional purposes.

3 If a pupil is at a location within the school district
4 other than his residence for child care purposes at the time
5 for transportation to school, that location may be considered
6 for purposes of determining the 1 1/2 miles from the school
7 attended.

8 Claims for reimbursement that include children who attend
9 any school other than a public school shall show the number of
10 such children transported.

11 Claims for reimbursement under this Section shall not be
12 paid for the transportation of pupils for whom transportation
13 costs are claimed for payment under other Sections of this Act.

14 The allowable direct cost of transporting pupils for
15 regular, vocational, and special education pupil
16 transportation shall be limited to the sum of the cost of
17 physical examinations required for employment as a school bus
18 driver; the salaries of full or part-time drivers and school
19 bus maintenance personnel; employee benefits excluding
20 Illinois municipal retirement payments, social security
21 payments, unemployment insurance payments and workers'
22 compensation insurance premiums; expenditures to independent
23 carriers who operate school buses; payments to other school
24 districts for pupil transportation services; pre-approved
25 contractual expenditures for computerized bus scheduling; the
26 cost of gasoline, oil, tires, and other supplies necessary for

1 the operation of school buses; the cost of converting buses'
2 gasoline engines to more fuel efficient engines or to engines
3 which use alternative energy sources; the cost of travel to
4 meetings and workshops conducted by the regional
5 superintendent or the State Superintendent of Education
6 pursuant to the standards established by the Secretary of State
7 under Section 6-106 of the Illinois Vehicle Code to improve the
8 driving skills of school bus drivers; the cost of maintenance
9 of school buses including parts and materials used;
10 expenditures for leasing transportation vehicles, except
11 interest and service charges; the cost of insurance and
12 licenses for transportation vehicles; expenditures for the
13 rental of transportation equipment; plus a depreciation
14 allowance of 20% for 5 years for school buses and vehicles
15 approved for transporting pupils to and from school and a
16 depreciation allowance of 10% for 10 years for other
17 transportation equipment so used. Each school year, if a school
18 district has made expenditures to the Regional Transportation
19 Authority or any of its service boards, a mass transit
20 district, or an urban transportation district under an
21 intergovernmental agreement with the district to provide for
22 the transportation of pupils and if the public transit carrier
23 received direct payment for services or passes from a school
24 district within its service area during the 2000-2001 school
25 year, then the allowable direct cost of transporting pupils for
26 regular, vocational, and special education pupil

1 transportation shall also include the expenditures that the
2 district has made to the public transit carrier. In addition to
3 the above allowable costs school districts shall also claim all
4 transportation supervisory salary costs, including Illinois
5 municipal retirement payments, and all transportation related
6 building and building maintenance costs without limitation.

7 Special education allowable costs shall also include
8 expenditures for the salaries of attendants or aides for that
9 portion of the time they assist special education pupils while
10 in transit and expenditures for parents and public carriers for
11 transporting special education pupils when pre-approved by the
12 State Superintendent of Education.

13 Indirect costs shall be included in the reimbursement claim
14 for districts which own and operate their own school buses.
15 Such indirect costs shall include administrative costs, or any
16 costs attributable to transporting pupils from their
17 attendance centers to another school building for
18 instructional purposes. No school district which owns and
19 operates its own school buses may claim reimbursement for
20 indirect costs which exceed 5% of the total allowable direct
21 costs for pupil transportation.

22 The State Board of Education shall prescribe uniform
23 regulations for determining the above standards and shall
24 prescribe forms of cost accounting and standards of determining
25 reasonable depreciation. Such depreciation shall include the
26 cost of equipping school buses with the safety features

1 required by law or by the rules, regulations and standards
2 promulgated by the State Board of Education, and the Department
3 of Transportation for the safety and construction of school
4 buses provided, however, any equipment cost reimbursed by the
5 Department of Transportation for equipping school buses with
6 such safety equipment shall be deducted from the allowable cost
7 in the computation of reimbursement under this Section in the
8 same percentage as the cost of the equipment is depreciated.

9 On or before August 15, annually, the chief school
10 administrator for the district shall certify to the State
11 Superintendent of Education the district's claim for
12 reimbursement for the school year ending on June 30 next
13 preceding. The State Superintendent of Education shall check
14 and approve the claims and prepare the vouchers showing the
15 amounts due for district reimbursement claims. Each fiscal
16 year, the State Superintendent of Education shall prepare and
17 transmit the first 3 vouchers to the Comptroller on the 30th
18 day of September, December and March, respectively, and the
19 final voucher, no later than June 20.

20 If the amount appropriated for transportation
21 reimbursement is insufficient to fund total claims for any
22 fiscal year, the State Board of Education shall reduce each
23 school district's allowable costs and flat grant amount
24 proportionately to make total adjusted claims equal the total
25 amount appropriated.

26 For purposes of calculating claims for reimbursement under

1 this Section for any school year beginning July 1, 1998, or
2 thereafter, the equalized assessed valuation for a school
3 district used to compute reimbursement shall be computed in the
4 same manner as it is computed under paragraph (2) of subsection
5 (G) of Section 18-8.05.

6 All reimbursements received from the State shall be
7 deposited into the district's transportation fund or into the
8 fund from which the allowable expenditures were made.

9 Notwithstanding any other provision of law, any school
10 district receiving a payment under this Section or under
11 Section 14-7.02, 14-7.02b, or 14-13.01 of this Code may
12 classify all or a portion of the funds that it receives in a
13 particular fiscal year or from general State aid pursuant to
14 Section 18-8.05 of this Code as funds received in connection
15 with any funding program for which it is entitled to receive
16 funds from the State in that fiscal year (including, without
17 limitation, any funding program referenced in this Section),
18 regardless of the source or timing of the receipt. The district
19 may not classify more funds as funds received in connection
20 with the funding program than the district is entitled to
21 receive in that fiscal year for that program. Any
22 classification by a district must be made by a resolution of
23 its board of education. The resolution must identify the amount
24 of any payments or general State aid to be classified under
25 this paragraph and must specify the funding program to which
26 the funds are to be treated as received in connection

1 therewith. This resolution is controlling as to the
2 classification of funds referenced therein. A certified copy of
3 the resolution must be sent to the State Superintendent of
4 Education. The resolution shall still take effect even though a
5 copy of the resolution has not been sent to the State
6 Superintendent of Education in a timely manner. No
7 classification under this paragraph by a district shall affect
8 the total amount or timing of money the district is entitled to
9 receive under this Code. No classification under this paragraph
10 by a district shall in any way relieve the district from or
11 affect any requirements that otherwise would apply with respect
12 to that funding program, including any accounting of funds by
13 source, reporting expenditures by original source and purpose,
14 reporting requirements, or requirements of providing services.

15 Any school district with a population of not more than
16 500,000 must deposit all funds received under this Article into
17 the transportation fund and use those funds for the provision
18 of transportation services.

19 (Source: P.A. 95-903, eff. 8-25-08; 96-1264, eff. 1-1-11.)

20 (105 ILCS 5/3-6 rep.)

21 (105 ILCS 5/3-6.1 rep.)

22 Section 90. The School Code is amended by repealing
23 Sections 3-6 and 3-6.1.

24 Section 99. Effective date. This Act takes effect upon
25 becoming law.

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2	Statutes amended in order of appearance	
3	15 ILCS 20/50-20	was 15 ILCS 20/38.3
4	30 ILCS 105/5.855 new	
5	30 ILCS 105/5.856 new	
6	30 ILCS 105/5.857 new	
7	30 ILCS 105/5.858 new	
8	35 ILCS 5/201	from Ch. 120, par. 2-201
9	35 ILCS 5/202.5	
10	35 ILCS 5/204	from Ch. 120, par. 2-204
11	35 ILCS 5/208	from Ch. 120, par. 2-208
12	35 ILCS 5/212	
13	35 ILCS 5/901	from Ch. 120, par. 9-901
14	35 ILCS 120/1	from Ch. 120, par. 440
15	35 ILCS 120/2	from Ch. 120, par. 441
16	105 ILCS 5/1C-2	
17	105 ILCS 5/2-3.25c	from Ch. 122, par. 2-3.25c
18	105 ILCS 5/2-3.25d	from Ch. 122, par. 2-3.25d
19	105 ILCS 5/2-3.25d-5 new	
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21	105 ILCS 5/2-3.161 new	
22	105 ILCS 5/2-3.162 new	
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24	105 ILCS 5/2-3.164 new	
25	105 ILCS 5/3-7	from Ch. 122, par. 3-7

1 105 ILCS 5/10-16.10 new
2 105 ILCS 5/10-17a from Ch. 122, par. 10-17a
3 105 ILCS 5/10-17b new
4 105 ILCS 5/10-17c new
5 105 ILCS 5/10-17d new
6 105 ILCS 5/10-20.56 new
7 105 ILCS 5/10-22.45 from Ch. 122, par. 10-22.45
8 105 ILCS 5/17-2.11d new
9 105 ILCS 5/18-8.05
10 105 ILCS 5/19-3 from Ch. 122, par. 19-3
11 105 ILCS 5/21A-3 new
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13 105 ILCS 5/21A-10
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15 105 ILCS 5/21A-20
16 105 ILCS 5/21A-25
17 105 ILCS 5/21A-30
18 105 ILCS 5/23-3 from Ch. 122, par. 23-3
19 105 ILCS 5/23-5.5 new
20 105 ILCS 5/23-6 from Ch. 122, par. 23-6
21 105 ILCS 5/29-5 from Ch. 122, par. 29-5
22 105 ILCS 5/3-6 rep.
23 105 ILCS 5/3-6.1 rep.