

HB3383



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB3383

by Rep. Jerry F. Costello, II

SYNOPSIS AS INTRODUCED:

35 ILCS 5/201
35 ILCS 5/901

from Ch. 120, par. 2-201
from Ch. 120, par. 9-901

Amends the Illinois Income Tax Act. Reduces the rate of tax on corporations to 4.8% for taxable years beginning on or after January 1, 2015. Makes corresponding changes concerning transfers from the General Revenue Fund to the Local Government Distributive Fund. Effective immediately.

LRB099 08863 HLH 29035 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Sections 201 and 901 as follows:

6 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

7 Sec. 201. Tax Imposed.

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

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

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

22 (2) In the case of an individual, trust or estate, for
23 taxable years beginning prior to July 1, 1989 and ending

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

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

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

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

21 (5.1) In the case of an individual, trust, or estate,
22 for taxable years beginning prior to January 1, 2015, and
23 ending after December 31, 2014, an amount equal to the sum
24 of (i) 5% of the taxpayer's net income for the period prior
25 to January 1, 2015, as calculated under Section 202.5, and
26 (ii) 3.75% of the taxpayer's net income for the period

1 after December 31, 2014, as calculated under Section 202.5.

2 (5.2) In the case of an individual, trust, or estate,
3 for taxable years beginning on or after January 1, 2015,
4 and ending prior to January 1, 2025, an amount equal to
5 3.75% of the taxpayer's net income for the taxable year.

6 (5.3) In the case of an individual, trust, or estate,
7 for taxable years beginning prior to January 1, 2025, and
8 ending after December 31, 2024, an amount equal to the sum
9 of (i) 3.75% of the taxpayer's net income for the period
10 prior to January 1, 2025, as calculated under Section
11 202.5, and (ii) 3.25% of the taxpayer's net income for the
12 period after December 31, 2024, as calculated under Section
13 202.5.

14 (5.4) In the case of an individual, trust, or estate,
15 for taxable years beginning on or after January 1, 2025, an
16 amount equal to 3.25% of the taxpayer's net income for the
17 taxable year.

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

21 (7) In the case of a corporation, for taxable years
22 beginning prior to July 1, 1989 and ending after June 30,
23 1989, an amount equal to the sum of (i) 4% of the
24 taxpayer's net income for the period prior to July 1, 1989,
25 as calculated under Section 202.3, and (ii) 4.8% of the
26 taxpayer's net income for the period after June 30, 1989,

1 as calculated under Section 202.3.

2 (8) In the case of a corporation, for taxable years
3 beginning after June 30, 1989, and ending prior to January
4 1, 2011, an amount equal to 4.8% of the taxpayer's net
5 income for the taxable year.

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

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

17 (11) In the case of a corporation, for taxable years
18 beginning prior to January 1, 2015, and ending after
19 December 31, 2014, an amount equal to the sum of (i) 7% of
20 the taxpayer's net income for the period prior to January
21 1, 2015, as calculated under Section 202.5, and (ii) 4.8%
22 ~~5.25%~~ of the taxpayer's net income for the period after
23 December 31, 2014, as calculated under Section 202.5.

24 (12) In the case of a corporation, for taxable years
25 beginning on or after January 1, 2015, ~~and ending prior to~~
26 ~~January 1, 2025,~~ an amount equal to 4.8% ~~5.25%~~ of the

1 taxpayer's net income for the taxable year.

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

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

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

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

1 subdivision thereof.

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

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

1 under this Act, net of all credits allowed under this Act,
2 shall equal (i) the total amount of tax that would be imposed
3 on the foreign insurer's net income allocable to Illinois for
4 the taxable year by such foreign insurer's state or country of
5 domicile if that net income were subject to all income taxes
6 and taxes measured by net income imposed by such foreign
7 insurer's state or country of domicile, net of all credits
8 allowed or (ii) a rate of zero if no such tax is imposed on such
9 income by the foreign insurer's state of domicile. For the
10 purposes of this subsection (d-1), an inter-affiliate includes
11 a mutual insurer under common management.

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

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

18 (B) the privilege tax imposed by Section 409 of the
19 Illinois Insurance Code, the fire insurance company
20 tax imposed by Section 12 of the Fire Investigation
21 Act, and the fire department taxes imposed under
22 Section 11-10-1 of the Illinois Municipal Code,

23 equals 1.25% for taxable years ending prior to December 31,
24 2003, or 1.75% for taxable years ending on or after
25 December 31, 2003, of the net taxable premiums written for
26 the taxable year, as described by subsection (1) of Section

1 409 of the Illinois Insurance Code. This paragraph will in
2 no event increase the rates imposed under subsections (b)
3 and (d).

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

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

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

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

1 Taxpayers who are new to Illinois shall be deemed to have
2 met the 1% growth in base employment for the first year in
3 which they file employment records with the Illinois
4 Department of Employment Security. The provisions added to
5 this Section by Public Act 85-1200 (and restored by Public
6 Act 87-895) shall be construed as declaratory of existing
7 law and not as a new enactment. If, in any year, the
8 increase in base employment within Illinois over the
9 preceding year is less than 1%, the additional credit shall
10 be limited to that percentage times a fraction, the
11 numerator of which is .5% and the denominator of which is
12 1%, but shall not exceed .5%. The investment credit shall
13 not be allowed to the extent that it would reduce a
14 taxpayer's liability in any tax year below zero, nor may
15 any credit for qualified property be allowed for any year
16 other than the year in which the property was placed in
17 service in Illinois. For tax years ending on or after
18 December 31, 1987, and on or before December 31, 1988, the
19 credit shall be allowed for the tax year in which the
20 property is placed in service, or, if the amount of the
21 credit exceeds the tax liability for that year, whether it
22 exceeds the original liability or the liability as later
23 amended, such excess may be carried forward and applied to
24 the tax liability of the 5 taxable years following the
25 excess credit years if the taxpayer (i) makes investments
26 which cause the creation of a minimum of 2,000 full-time

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

22 (2) The term "qualified property" means property
23 which:

24 (A) is tangible, whether new or used, including
25 buildings and structural components of buildings and
26 signs that are real property, but not including land or

1 improvements to real property that are not a structural
2 component of a building such as landscaping, sewer
3 lines, local access roads, fencing, parking lots, and
4 other appurtenances;

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

10 (C) is acquired by purchase as defined in Section
11 179(d) of the Internal Revenue Code;

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

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

22 (3) For purposes of this subsection (e),
23 "manufacturing" means the material staging and production
24 of tangible personal property by procedures commonly
25 regarded as manufacturing, processing, fabrication, or
26 assembling which changes some existing material into new

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

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

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

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

25 (7) If during any taxable year, any property ceases to
26 be qualified property in the hands of the taxpayer within

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

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

20 (9) Each taxable year ending before December 31, 2000,
21 a partnership may elect to pass through to its partners the
22 credits to which the partnership is entitled under this
23 subsection (e) for the taxable year. A partner may use the
24 credit allocated to him or her under this paragraph only
25 against the tax imposed in subsections (c) and (d) of this
26 Section. If the partnership makes that election, those

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

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

24 (f) Investment credit; Enterprise Zone; River Edge
25 Redevelopment Zone.

26 (1) A taxpayer shall be allowed a credit against the

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

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

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

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

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 (f);

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

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

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

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

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

1 depreciation purposes is increased after it has been placed
2 in service in the Enterprise Zone or River Edge
3 Redevelopment Zone by the taxpayer, the amount of such
4 increase shall be deemed property placed in service on the
5 date of such increase in basis.

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

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

25 (7) There shall be allowed an additional credit equal
26 to 0.5% of the basis of qualified property placed in

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

16 (g) (Blank).

17 (h) Investment credit; High Impact Business.

18 (1) Subject to subsections (b) and (b-5) of Section 5.5
19 of the Illinois Enterprise Zone Act, a taxpayer shall be
20 allowed a credit against the tax imposed by subsections (a)
21 and (b) of this Section for investment in qualified
22 property which is placed in service by a Department of
23 Commerce and Economic Opportunity designated High Impact
24 Business. The credit shall be .5% of the basis for such
25 property. The credit shall not be available (i) until the
26 minimum investments in qualified property set forth in

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

1 credit shall be applied to the earliest year for which
2 there is a liability. If there is credit from more than one
3 tax year that is available to offset a liability, the
4 credit accruing first in time shall be applied first.

5 Changes made in this subdivision (h) (1) by Public Act
6 88-670 restore changes made by Public Act 85-1182 and
7 reflect existing law.

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

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

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

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

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

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

24 (4) If the basis of the property for federal income tax
25 depreciation purposes is increased after it has been placed
26 in service in a federally designated Foreign Trade Zone or

1 Sub-Zone located in Illinois by the taxpayer, the amount of
2 such increase shall be deemed property placed in service on
3 the date of such increase in basis.

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

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

24 (7) Beginning with tax years ending after December 31,
25 1996, if a taxpayer qualifies for the credit under this
26 subsection (h) and thereby is granted a tax abatement and

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

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

18 Any credit earned on or after December 31, 1986 under this
19 subsection which is unused in the year the credit is computed
20 because it exceeds the tax liability imposed by subsections (a)
21 and (b) for that year (whether it exceeds the original
22 liability or the liability as later amended) may be carried
23 forward and applied to the tax liability imposed by subsections
24 (a) and (b) of the 5 taxable years following the excess credit
25 year, provided that no credit may be carried forward to any
26 year ending on or after December 31, 2003. This credit shall be

1 applied first to the earliest year for which there is a
2 liability. If there is a credit under this subsection from more
3 than one tax year that is available to offset a liability the
4 earliest credit arising under this subsection shall be applied
5 first.

6 If, during any taxable year ending on or after December 31,
7 1986, the tax imposed by subsections (c) and (d) of this
8 Section for which a taxpayer has claimed a credit under this
9 subsection (i) is reduced, the amount of credit for such tax
10 shall also be reduced. Such reduction shall be determined by
11 recomputing the credit to take into account the reduced tax
12 imposed by subsections (c) and (d). If any portion of the
13 reduced amount of credit has been carried to a different
14 taxable year, an amended return shall be filed for such taxable
15 year to reduce the amount of credit claimed.

16 (j) Training expense credit. Beginning with tax years
17 ending on or after December 31, 1986 and prior to December 31,
18 2003, a taxpayer shall be allowed a credit against the tax
19 imposed by subsections (a) and (b) under this Section for all
20 amounts paid or accrued, on behalf of all persons employed by
21 the taxpayer in Illinois or Illinois residents employed outside
22 of Illinois by a taxpayer, for educational or vocational
23 training in semi-technical or technical fields or semi-skilled
24 or skilled fields, which were deducted from gross income in the
25 computation of taxable income. The credit against the tax
26 imposed by subsections (a) and (b) shall be 1.6% of such

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

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

19 (k) Research and development credit. For tax years ending
20 after July 1, 1990 and prior to December 31, 2003, and
21 beginning again for tax years ending on or after December 31,
22 2004, and ending prior to January 1, 2016, a taxpayer shall be
23 allowed a credit against the tax imposed by subsections (a) and
24 (b) of this Section for increasing research activities in this
25 State. The credit allowed against the tax imposed by
26 subsections (a) and (b) shall be equal to 6 1/2% of the

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

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

23 Any credit in excess of the tax liability for the taxable
24 year may be carried forward. A taxpayer may elect to have the
25 unused credit shown on its final completed return carried over
26 as a credit against the tax liability for the following 5

1 taxable years or until it has been fully used, whichever occurs
2 first; provided that no credit earned in a tax year ending
3 prior to December 31, 2003 may be carried forward to any year
4 ending on or after December 31, 2003.

5 If an unused credit is carried forward to a given year from
6 2 or more earlier years, that credit arising in the earliest
7 year will be applied first against the tax liability for the
8 given year. If a tax liability for the given year still
9 remains, the credit from the next earliest year will then be
10 applied, and so on, until all credits have been used or no tax
11 liability for the given year remains. Any remaining unused
12 credit or credits then will be carried forward to the next
13 following year in which a tax liability is incurred, except
14 that no credit can be carried forward to a year which is more
15 than 5 years after the year in which the expense for which the
16 credit is given was incurred.

17 No inference shall be drawn from this amendatory Act of the
18 91st General Assembly in construing this Section for taxable
19 years beginning before January 1, 1999.

20 (1) Environmental Remediation Tax Credit.

21 (i) For tax years ending after December 31, 1997 and on
22 or before December 31, 2001, a taxpayer shall be allowed a
23 credit against the tax imposed by subsections (a) and (b)
24 of this Section for certain amounts paid for unreimbursed
25 eligible remediation costs, as specified in this
26 subsection. For purposes of this Section, "unreimbursed

1 eligible remediation costs" means costs approved by the
2 Illinois Environmental Protection Agency ("Agency") under
3 Section 58.14 of the Environmental Protection Act that were
4 paid in performing environmental remediation at a site for
5 which a No Further Remediation Letter was issued by the
6 Agency and recorded under Section 58.10 of the
7 Environmental Protection Act. The credit must be claimed
8 for the taxable year in which Agency approval of the
9 eligible remediation costs is granted. The credit is not
10 available to any taxpayer if the taxpayer or any related
11 party caused or contributed to, in any material respect, a
12 release of regulated substances on, in, or under the site
13 that was identified and addressed by the remedial action
14 pursuant to the Site Remediation Program of the
15 Environmental Protection Act. After the Pollution Control
16 Board rules are adopted pursuant to the Illinois
17 Administrative Procedure Act for the administration and
18 enforcement of Section 58.9 of the Environmental
19 Protection Act, determinations as to credit availability
20 for purposes of this Section shall be made consistent with
21 those rules. For purposes of this Section, "taxpayer"
22 includes a person whose tax attributes the taxpayer has
23 succeeded to under Section 381 of the Internal Revenue Code
24 and "related party" includes the persons disallowed a
25 deduction for losses by paragraphs (b), (c), and (f)(1) of
26 Section 267 of the Internal Revenue Code by virtue of being

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

16 (ii) A credit allowed under this subsection that is
17 unused in the year the credit is earned may be carried
18 forward to each of the 5 taxable years following the year
19 for which the credit is first earned until it is used. The
20 term "unused credit" does not include any amounts of
21 unreimbursed eligible remediation costs in excess of the
22 maximum credit per site authorized under paragraph (i).
23 This 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 (m) Education expense credit. Beginning with tax years
19 ending after December 31, 1999, a taxpayer who is the custodian
20 of one or more qualifying pupils shall be allowed a credit
21 against the tax imposed by subsections (a) and (b) of this
22 Section for qualified education expenses incurred on behalf of
23 the qualifying pupils. The credit shall be equal to 25% of
24 qualified education expenses, but in no event may the total
25 credit under this subsection claimed by a family that is the
26 custodian of qualifying pupils exceed \$500. In no event shall a

1 credit under this subsection reduce the taxpayer's liability
2 under this Act to less than zero. This subsection is exempt
3 from the provisions of Section 250 of this Act.

4 For purposes of this subsection:

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

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

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

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

26 (n) River Edge Redevelopment Zone site remediation tax

1 credit.

2 (i) For tax years ending on or after December 31, 2006,
3 a taxpayer shall be allowed a credit against the tax
4 imposed by subsections (a) and (b) of this Section for
5 certain amounts paid for unreimbursed eligible remediation
6 costs, as specified in this subsection. For purposes of
7 this Section, "unreimbursed eligible remediation costs"
8 means costs approved by the Illinois Environmental
9 Protection Agency ("Agency") under Section 58.14a of the
10 Environmental Protection Act that were paid in performing
11 environmental remediation at a site within a River Edge
12 Redevelopment Zone for which a No Further Remediation
13 Letter was issued by the Agency and recorded under Section
14 58.10 of the Environmental Protection Act. The credit must
15 be claimed for the taxable year in which Agency approval of
16 the eligible remediation costs is granted. The credit is
17 not available to any taxpayer if the taxpayer or any
18 related party caused or contributed to, in any material
19 respect, a release of regulated substances on, in, or under
20 the site that was identified and addressed by the remedial
21 action pursuant to the Site Remediation Program of the
22 Environmental Protection Act. Determinations as to credit
23 availability for purposes of this Section shall be made
24 consistent with rules adopted by the Pollution Control
25 Board pursuant to the Illinois Administrative Procedure
26 Act for the administration and enforcement of Section 58.9

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

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

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

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

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

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

25 (A) bankruptcy, a receivership, or a debt
26 adjustment initiated by or against the initial

1 registration or the substantial owners of the initial
2 registration;

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

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

11 (D) the death of an owner of the equity interest in
12 a registrant;

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

16 (F) a transfer by a parent company to a wholly
17 owned subsidiary; or

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

22 (2) the cannabis cultivation center registration,
23 medical cannabis dispensary registration, or the
24 controlling interest in a registrant's property is
25 transferred in a transaction to lineal descendants in which
26 no gain or loss is recognized or as a result of a

1 transaction in accordance with Section 351 of the Internal
2 Revenue Code in which no gain or loss is recognized.

3 (Source: P.A. 97-2, eff. 5-6-11; 97-636, eff. 6-1-12; 97-905,
4 eff. 8-7-12; 98-109, eff. 7-25-13; 98-122, eff. 1-1-14; 98-756,
5 eff. 7-16-14.)

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

7 Sec. 901. Collection authority.

8 (a) In general.

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

1 (b) Local Government Distributive Fund.

2 Beginning August 1, 1969, and continuing through June 30,
3 1994, the Treasurer shall transfer each month from the General
4 Revenue Fund to a special fund in the State treasury, to be
5 known as the "Local Government Distributive Fund", an amount
6 equal to 1/12 of the net revenue realized from the tax imposed
7 by subsections (a) and (b) of Section 201 of this Act during
8 the preceding month. Beginning July 1, 1994, and continuing
9 through June 30, 1995, the Treasurer shall transfer each month
10 from the General Revenue Fund to the Local Government
11 Distributive Fund an amount equal to 1/11 of the net revenue
12 realized from the tax imposed by subsections (a) and (b) of
13 Section 201 of this Act during the preceding month. Beginning
14 July 1, 1995 and continuing through January 31, 2011, the
15 Treasurer shall transfer each month from the General Revenue
16 Fund to the Local Government Distributive Fund an amount equal
17 to the net of (i) 1/10 of the net revenue realized from the tax
18 imposed by subsections (a) and (b) of Section 201 of the
19 Illinois Income Tax Act during the preceding month (ii) minus,
20 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,
21 and beginning July 1, 2004, zero. Beginning February 1, 2011,
22 and continuing through January 31, 2015, the Treasurer shall
23 transfer each month from the General Revenue Fund to the Local
24 Government Distributive Fund an amount equal to the sum of (i)
25 6% (10% of the ratio of the 3% individual income tax rate prior
26 to 2011 to the 5% individual income tax rate after 2010) of the

1 net revenue realized from the tax imposed by subsections (a)
2 and (b) of Section 201 of this Act upon individuals, trusts,
3 and estates during the preceding month and (ii) 6.86% (10% of
4 the ratio of the 4.8% corporate income tax rate prior to 2011
5 to the 7% corporate income tax rate after 2010) of the net
6 revenue realized from the tax imposed by subsections (a) and
7 (b) of Section 201 of this Act upon corporations during the
8 preceding month. Beginning February 1, 2015 and continuing
9 through January 31, 2025, the Treasurer shall transfer each
10 month from the General Revenue Fund to the Local Government
11 Distributive Fund an amount equal to the sum of (i) 8% (10% of
12 the ratio of the 3% individual income tax rate prior to 2011 to
13 the 3.75% individual income tax rate after 2014) of the net
14 revenue realized from the tax imposed by subsections (a) and
15 (b) of Section 201 of this Act upon individuals, trusts, and
16 estates during the preceding month and (ii) 10% ~~9.14%~~ ~~(10% of~~
17 ~~the ratio of the 4.8% corporate income tax rate prior to 2011~~
18 ~~to the 5.25% corporate income tax rate after 2014)~~ of the net
19 revenue realized from the tax imposed by subsections (a) and
20 (b) of Section 201 of this Act upon corporations during the
21 preceding month. Beginning February 1, 2025, the Treasurer
22 shall transfer each month from the General Revenue Fund to the
23 Local Government Distributive Fund an amount equal to the sum
24 of (i) 9.23% (10% of the ratio of the 3% individual income tax
25 rate prior to 2011 to the 3.25% individual income tax rate
26 after 2024) of the net revenue realized from the tax imposed by

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

16 Beginning on August 26, 2014 (the effective date of Public
17 Act 98-1052) ~~this amendatory Act of the 98th General Assembly,~~
18 the Comptroller shall perform the transfers required by this
19 subsection (b) no later than 60 days after he or she receives
20 the certification from the Treasurer as provided in Section 1
21 of the State Revenue Sharing Act.

22 (c) Deposits Into Income Tax Refund Fund.

23 (1) Beginning on January 1, 1989 and thereafter, the
24 Department shall deposit a percentage of the amounts
25 collected pursuant to subsections (a) and (b) (1), (2), and
26 (3), of Section 201 of this Act into a fund in the State

1 treasury known as the Income Tax Refund Fund. The
2 Department shall deposit 6% of such amounts during the
3 period beginning January 1, 1989 and ending on June 30,
4 1989. Beginning with State fiscal year 1990 and for each
5 fiscal year thereafter, the percentage deposited into the
6 Income Tax Refund Fund during a fiscal year shall be the
7 Annual Percentage. For fiscal years 1999 through 2001, the
8 Annual Percentage shall be 7.1%. For fiscal year 2003, the
9 Annual Percentage shall be 8%. For fiscal year 2004, the
10 Annual Percentage shall be 11.7%. Upon the effective date
11 of this amendatory Act of the 93rd General Assembly, the
12 Annual Percentage shall be 10% for fiscal year 2005. For
13 fiscal year 2006, the Annual Percentage shall be 9.75%. For
14 fiscal year 2007, the Annual Percentage shall be 9.75%. For
15 fiscal year 2008, the Annual Percentage shall be 7.75%. For
16 fiscal year 2009, the Annual Percentage shall be 9.75%. For
17 fiscal year 2010, the Annual Percentage shall be 9.75%. For
18 fiscal year 2011, the Annual Percentage shall be 8.75%. For
19 fiscal year 2012, the Annual Percentage shall be 8.75%. For
20 fiscal year 2013, the Annual Percentage shall be 9.75%. For
21 fiscal year 2014, the Annual Percentage shall be 9.5%. For
22 fiscal year 2015, the Annual Percentage shall be 10%. For
23 all other fiscal years, the Annual Percentage shall be
24 calculated as a fraction, the numerator of which shall be
25 the amount of refunds approved for payment by the
26 Department during the preceding fiscal year as a result of

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

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

1 the Annual Percentage shall be 27%. For fiscal year 2004,
2 the Annual Percentage shall be 32%. Upon the effective date
3 of this amendatory Act of the 93rd General Assembly, the
4 Annual Percentage shall be 24% for fiscal year 2005. For
5 fiscal year 2006, the Annual Percentage shall be 20%. For
6 fiscal year 2007, the Annual Percentage shall be 17.5%. For
7 fiscal year 2008, the Annual Percentage shall be 15.5%. For
8 fiscal year 2009, the Annual Percentage shall be 17.5%. For
9 fiscal year 2010, the Annual Percentage shall be 17.5%. For
10 fiscal year 2011, the Annual Percentage shall be 17.5%. For
11 fiscal year 2012, the Annual Percentage shall be 17.5%. For
12 fiscal year 2013, the Annual Percentage shall be 14%. For
13 fiscal year 2014, the Annual Percentage shall be 13.4%. For
14 fiscal year 2015, the Annual Percentage shall be 14%. For
15 all other fiscal years, the Annual Percentage shall be
16 calculated as a fraction, the numerator of which shall be
17 the amount of refunds approved for payment by the
18 Department during the preceding fiscal year as a result of
19 overpayment of tax liability under subsections (a) and
20 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
21 Act plus the amount of such refunds remaining approved but
22 unpaid at the end of the preceding fiscal year, and the
23 denominator of which shall be the amounts which will be
24 collected pursuant to subsections (a) and (b) (6), (7), and
25 (8), (c) and (d) of Section 201 of this Act during the
26 preceding fiscal year; except that in State fiscal year

1 2002, the Annual Percentage shall in no event exceed 23%.
2 The Director of Revenue shall certify the Annual Percentage
3 to the Comptroller on the last business day of the fiscal
4 year immediately preceding the fiscal year for which it is
5 to be effective.

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

11 (d) Expenditures from Income Tax Refund Fund.

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

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

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

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

25 (4.5) As soon as possible after the end of fiscal year
26 1999 and of each fiscal year thereafter, the Director shall

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

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

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

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

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

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

16 (1) beginning February 1, 2015, and prior to February
17 1, 2025, 1/30; and

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

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

23 (g) Deposits into the Commitment to Human Services Fund.
24 Beginning February 1, 2015, the Department shall deposit the
25 following portions of the revenue realized from the tax imposed
26 upon individuals, trusts, and estates by subsections (a) and

1 (b) of Section 201 of this Act during the preceding month,
2 minus deposits into the Income Tax Refund Fund, into the
3 Commitment to Human Services Fund:

4 (1) beginning February 1, 2015, and prior to February
5 1, 2025, 1/30; and

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

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

11 (h) Deposits into the Tax Compliance and Administration
12 Fund. Beginning on the first day of the first calendar month to
13 occur on or after August 26, 2014 (the effective date of Public
14 Act 98-1098) ~~this amendatory Act of the 98th General Assembly,~~
15 each month the Department shall pay into the Tax Compliance and
16 Administration Fund, to be used, subject to appropriation, to
17 fund additional auditors and compliance personnel at the
18 Department, an amount equal to 1/12 of 5% of the cash receipts
19 collected during the preceding fiscal year by the Audit Bureau
20 of the Department from the tax imposed by subsections (a), (b),
21 (c), and (d) of Section 201 of this Act, net of deposits into
22 the Income Tax Refund Fund made from those cash receipts.

23 (Source: P.A. 97-72, eff. 7-1-11; 97-732, eff. 6-30-12; 98-24,
24 eff. 6-19-13; 98-674, eff. 6-30-14; 98-1052, eff. 8-26-14;
25 98-1098, eff. 8-26-14; revised 9-26-14.)

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.