

# HB0357



## 100TH GENERAL ASSEMBLY

### State of Illinois

2017 and 2018

HB0357

by Rep. David McSweeney

#### 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. For taxable years beginning on or after January 1, 2017, reduces the rate of tax to 3% for individuals, trusts, and estates and 4.8% for corporations. Makes corresponding changes concerning the distribution of tax proceeds. Effective immediately.

LRB100 04330 HLH 14336 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, 2017 ~~January 1, 2025~~, an  
5 amount equal to 3.75% of the taxpayer's net income for the  
6 taxable year.

7 (5.3) In the case of an individual, trust, or estate,  
8 for taxable years beginning prior to January 1, 2017  
9 ~~January 1, 2025~~, and ending after December 31, 2016  
10 ~~December 31, 2024~~, an amount equal to the sum of (i) 3.75%  
11 of the taxpayer's net income for the period prior to  
12 January 1, 2017 ~~January 1, 2025~~, as calculated under  
13 Section 202.5, and (ii) 3% ~~3.25%~~ of the taxpayer's net  
14 income for the period after December 31, 2016 ~~December 31,~~  
15 ~~2024~~, as calculated under Section 202.5.

16 (5.4) In the case of an individual, trust, or estate,  
17 for taxable years beginning on or after January 1, 2017  
18 ~~January 1, 2025~~, an amount equal to 3% ~~3.25%~~ of the  
19 taxpayer's net income for the taxable year.

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

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

1 as calculated under Section 202.3, and (ii) 4.8% of the  
2 taxpayer's net income for the period after June 30, 1989,  
3 as calculated under Section 202.3.

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

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

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

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

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

1 beginning on or after January 1, 2015, and ending prior to  
2 January 1, 2017 ~~January 1, 2025~~, an amount equal to 5.25%  
3 of the taxpayer's net income for the taxable year.

4 (13) In the case of a corporation, for taxable years  
5 beginning prior to January 1, 2017 ~~January 1, 2025~~, and  
6 ending after December 31, 2016 ~~December 31, 2024~~, an amount  
7 equal to the sum of (i) 5.25% of the taxpayer's net income  
8 for the period prior to January 1, 2017 ~~January 1, 2025~~, as  
9 calculated under Section 202.5, and (ii) 4.8% of the  
10 taxpayer's net income for the period after December 31,  
11 2016 ~~December 31, 2024~~, as calculated under Section 202.5.

12 (14) In the case of a corporation, for taxable years  
13 beginning on or after January 1, 2017 ~~January 1, 2025~~, an  
14 amount equal to 4.8% of the taxpayer's net income for the  
15 taxable year.

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

1 property to the extent of such reduction.

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

19 (g) (Blank).

20 (h) Investment credit; High Impact Business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

26 Any credit in excess of the tax liability for the taxable

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

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

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

23 (1) Environmental Remediation Tax Credit.

24 (i) For tax years ending after December 31, 1997 and on  
25 or before December 31, 2001, a taxpayer shall be allowed a  
26 credit against the tax imposed by subsections (a) and (b)

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

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

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. The  
23 term "unused credit" does not include any amounts of  
24 unreimbursed eligible remediation costs in excess of the  
25 maximum credit per site authorized under paragraph (i).  
26 This credit shall be applied first to the earliest year for

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

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

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

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

7 For purposes of this subsection:

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

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

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

26 "Custodian" means, with respect to qualifying pupils, an

1 Illinois resident who is a parent, the parents, a legal  
2 guardian, or the legal guardians of the qualifying pupils.

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

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



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

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

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

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

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

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

1 of any of the following:

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

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

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

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

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

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

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

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

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

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

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

10 Sec. 901. Collection authority.

11 (a) In general.

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

1 established under Section 10-26 of the Illinois Public Aid  
2 Code, as directed by the Department of Healthcare and Family  
3 Services.

4 (b) Local Government Distributive Fund.

5 Beginning August 1, 1969, and continuing through June 30,  
6 1994, the Treasurer shall transfer each month from the General  
7 Revenue Fund to a special fund in the State treasury, to be  
8 known as the "Local Government Distributive Fund", an amount  
9 equal to 1/12 of the net revenue realized from the tax imposed  
10 by subsections (a) and (b) of Section 201 of this Act during  
11 the preceding month. Beginning July 1, 1994, and continuing  
12 through June 30, 1995, the Treasurer shall transfer each month  
13 from the General Revenue Fund to the Local Government  
14 Distributive Fund an amount equal to 1/11 of the net revenue  
15 realized from the tax imposed by subsections (a) and (b) of  
16 Section 201 of this Act during the preceding month. Beginning  
17 July 1, 1995 and continuing through January 31, 2011, and  
18 beginning again on February 1, 2017, the Treasurer shall  
19 transfer each month from the General Revenue Fund to the Local  
20 Government Distributive Fund an amount equal to the net of (i)  
21 1/10 of the net revenue realized from the tax imposed by  
22 subsections (a) and (b) of Section 201 of the Illinois Income  
23 Tax Act during the preceding month (ii) minus, beginning July  
24 1, 2003 and ending June 30, 2004, \$6,666,666, and beginning  
25 July 1, 2004, zero. Beginning February 1, 2011, and continuing  
26 through January 31, 2015, the Treasurer shall transfer each

1 month from the General Revenue Fund to the Local Government  
2 Distributive Fund an amount equal to the sum of (i) 6% (10% of  
3 the ratio of the 3% individual income tax rate prior to 2011 to  
4 the 5% individual income tax rate after 2010) of the net  
5 revenue realized from the tax imposed by subsections (a) and  
6 (b) of Section 201 of this Act upon individuals, trusts, and  
7 estates during the preceding month and (ii) 6.86% (10% of the  
8 ratio of the 4.8% corporate income tax rate prior to 2011 to  
9 the 7% corporate income tax rate after 2010) of the net revenue  
10 realized from the tax imposed by subsections (a) and (b) of  
11 Section 201 of this Act upon corporations during the preceding  
12 month. Beginning February 1, 2015 and continuing through  
13 January 31, 2017 ~~January 31, 2025~~, the Treasurer shall transfer  
14 each month from the General Revenue Fund to the Local  
15 Government Distributive Fund an amount equal to the sum of (i)  
16 8% (10% of the ratio of the 3% individual income tax rate prior  
17 to 2011 to the 3.75% individual income tax rate after 2014) of  
18 the net revenue realized from the tax imposed by subsections  
19 (a) and (b) of Section 201 of this Act upon individuals,  
20 trusts, and estates during the preceding month and (ii) 9.14%  
21 (10% of the ratio of the 4.8% corporate income tax rate prior  
22 to 2011 to the 5.25% corporate income tax rate after 2014) of  
23 the net revenue realized from the tax imposed by subsections  
24 (a) and (b) of Section 201 of this Act upon corporations during  
25 the preceding month. ~~Beginning February 1, 2025, the Treasurer~~  
26 ~~shall transfer each month from the General Revenue Fund to the~~

1 ~~Local Government Distributive Fund an amount equal to the sum~~  
2 ~~of (i) 9.23% (10% of the ratio of the 3% individual income tax~~  
3 ~~rate prior to 2011 to the 3.25% individual income tax rate~~  
4 ~~after 2024) of the net revenue realized from the tax imposed by~~  
5 ~~subsections (a) and (b) of Section 201 of this Act upon~~  
6 ~~individuals, trusts, and estates during the preceding month and~~  
7 ~~(ii) 10% of the net revenue realized from the tax imposed by~~  
8 ~~subsections (a) and (b) of Section 201 of this Act upon~~  
9 ~~corporations during the preceding month. Net revenue realized~~  
10 for a month shall be defined as the revenue from the tax  
11 imposed by subsections (a) and (b) of Section 201 of this Act  
12 which is deposited in the General Revenue Fund, the Education  
13 Assistance Fund, the Income Tax Surcharge Local Government  
14 Distributive Fund, the Fund for the Advancement of Education,  
15 and the Commitment to Human Services Fund during the month  
16 minus the amount paid out of the General Revenue Fund in State  
17 warrants during that same month as refunds to taxpayers for  
18 overpayment of liability under the tax imposed by subsections  
19 (a) and (b) of Section 201 of this Act.

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

25 (c) Deposits Into Income Tax Refund Fund.

26 (1) Beginning on January 1, 1989 and thereafter, the

1 Department shall deposit a percentage of the amounts  
2 collected pursuant to subsections (a) and (b) (1), (2), and  
3 (3), of Section 201 of this Act into a fund in the State  
4 treasury known as the Income Tax Refund Fund. The  
5 Department shall deposit 6% of such amounts during the  
6 period beginning January 1, 1989 and ending on June 30,  
7 1989. Beginning with State fiscal year 1990 and for each  
8 fiscal year thereafter, the percentage deposited into the  
9 Income Tax Refund Fund during a fiscal year shall be the  
10 Annual Percentage. For fiscal years 1999 through 2001, the  
11 Annual Percentage shall be 7.1%. For fiscal year 2003, the  
12 Annual Percentage shall be 8%. For fiscal year 2004, the  
13 Annual Percentage shall be 11.7%. Upon the effective date  
14 of this amendatory Act of the 93rd General Assembly, the  
15 Annual Percentage shall be 10% for fiscal year 2005. For  
16 fiscal year 2006, the Annual Percentage shall be 9.75%. For  
17 fiscal year 2007, the Annual Percentage shall be 9.75%. For  
18 fiscal year 2008, the Annual Percentage shall be 7.75%. For  
19 fiscal year 2009, the Annual Percentage shall be 9.75%. For  
20 fiscal year 2010, the Annual Percentage shall be 9.75%. For  
21 fiscal year 2011, the Annual Percentage shall be 8.75%. For  
22 fiscal year 2012, the Annual Percentage shall be 8.75%. For  
23 fiscal year 2013, the Annual Percentage shall be 9.75%. For  
24 fiscal year 2014, the Annual Percentage shall be 9.5%. For  
25 fiscal year 2015, the Annual Percentage shall be 10%. For  
26 all other fiscal years, the Annual Percentage shall be



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

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

1           Income Tax Refund Fund during a fiscal year shall be the  
2           Annual Percentage. For fiscal years 1999, 2000, and 2001,  
3           the Annual Percentage shall be 19%. For fiscal year 2003,  
4           the Annual Percentage shall be 27%. For fiscal year 2004,  
5           the Annual Percentage shall be 32%. Upon the effective date  
6           of this amendatory Act of the 93rd General Assembly, the  
7           Annual Percentage shall be 24% for fiscal year 2005. For  
8           fiscal year 2006, the Annual Percentage shall be 20%. For  
9           fiscal year 2007, the Annual Percentage shall be 17.5%. For  
10          fiscal year 2008, the Annual Percentage shall be 15.5%. For  
11          fiscal year 2009, the Annual Percentage shall be 17.5%. For  
12          fiscal year 2010, the Annual Percentage shall be 17.5%. For  
13          fiscal year 2011, the Annual Percentage shall be 17.5%. For  
14          fiscal year 2012, the Annual Percentage shall be 17.5%. For  
15          fiscal year 2013, the Annual Percentage shall be 14%. For  
16          fiscal year 2014, the Annual Percentage shall be 13.4%. For  
17          fiscal year 2015, the Annual Percentage shall be 14%. 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 and until February 1,  
14 2017, the Department shall deposit 1/30 ~~the following portions~~  
15 of the revenue realized from the tax imposed upon individuals,  
16 trusts, and estates by subsections (a) and (b) of Section 201  
17 of this Act during the preceding month, minus deposits into the  
18 Income Tax Refund Fund, into the Fund for the Advancement of  
19 Education. ÷

20 ~~(1) beginning February 1, 2015, and prior to February~~  
21 ~~1, 2025, 1/30; and~~

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

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

1 (g) Deposits into the Commitment to Human Services Fund.  
2 Beginning February 1, 2015 and until February 1, 2017, the  
3 Department shall deposit 1/30 ~~the following portions~~ of the  
4 revenue realized from the tax imposed upon individuals, trusts,  
5 and estates by subsections (a) and (b) of Section 201 of this  
6 Act during the preceding month, minus deposits into the Income  
7 Tax Refund Fund, into the Commitment to Human Services Fund. ~~+~~

8 ~~(1) beginning February 1, 2015, and prior to February~~  
9 ~~1, 2025, 1/30; and~~

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

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

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

1 (Source: P.A. 98-24, eff. 6-19-13; 98-674, eff. 6-30-14;  
2 98-1052, eff. 8-26-14; 98-1098, eff. 8-26-14; 99-78, eff.  
3 7-20-15.)

4 Section 99. Effective date. This Act takes effect upon  
5 becoming law.