



Rep. Gregory Harris

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1 AMENDMENT TO SENATE BILL 9

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 9 by replacing  
3 everything after the enacting clause with the following:

4 "ARTICLE 1. STATE TAX LIEN REGISTRATION ACT

5 Section 1-1. Short title. This Act may be cited as the  
6 State Tax Lien Registration Act. References in this Article to  
7 "this Act" mean this Article.

8 Section 1-5. Purpose.

9 (a) The purpose of this Act is to provide a uniform  
10 statewide system for filing notices of tax liens that are in  
11 favor of or enforced by the Department. The Department shall  
12 maintain the system.

13 (b) The scope of this Act is limited to tax liens in real  
14 property and personal property, tangible and intangible, of  
15 taxpayers or other persons against whom the Department has

1 liens pursuant to law for unpaid final tax liabilities  
2 administered by the Department.

3 (c) Nothing in this Act shall be construed to invalidate  
4 any lien filed by the Department with a county recorder of  
5 deeds prior to the effective date of this Act.

6 Section 1-10. Definitions.

7 "Debtor" means a taxpayer or other person against whom  
8 there is an unpaid final tax liability collectible by the  
9 Department.

10 "Department" means the Department of Revenue.

11 "Final tax liability" means any State tax, fee, penalty, or  
12 interest owed by a person to the Department where the  
13 assessment of the liability is not subject to any further  
14 timely filed administrative or judicial review.

15 "Last-known address of the debtor" means the address of the  
16 debtor appearing in the records of the Department at the time  
17 the notice of tax lien is filed in the registry.

18 "Person" means any natural individual, firm, partnership,  
19 association, joint stock company, joint adventure, public or  
20 private corporation, limited liability company, or a receiver,  
21 executor, trustee, guardian or other representative appointed  
22 by order of any court.

23 "Registry" or "State Tax Lien Registry" means the public  
24 database maintained by the Department wherein tax liens are  
25 filed in favor of and enforced by the Department.

1 Section 1-15. Registry established.

2 (a) The Department shall establish and maintain a public  
3 database known as the State Tax Lien Registry. If any person  
4 neglects or refuses to pay any final tax liability, the  
5 Department may file in the registry a notice of tax lien within  
6 3 years from the date of the final tax liability.

7 (b) The notice of tax lien file shall include:

8 (1) the name and last-known address of the debtor;

9 (2) the name and address of the Department;

10 (3) the tax lien number assigned to the lien by the  
11 Department; and

12 (4) the basis for the tax lien, including, but not  
13 limited to, the amount owed by the debtor as of the date of  
14 filing in the tax lien registry.

15 Section 1-20. Tax lien perfected.

16 (a) When a notice of tax lien is filed by the Department in  
17 the registry, the tax lien is perfected and shall be attached  
18 to all of the existing and after-acquired property of the  
19 debtor, both real and personal, tangible and intangible, which  
20 is located in any and all counties within the State of  
21 Illinois.

22 (b) The amount of the tax lien shall be a debt due the  
23 State of Illinois and shall remain a lien upon all property and  
24 rights to property belonging to the debtor, both real and

1 personal, tangible and intangible, which is located in any and  
2 all counties within the State of Illinois. Interest and penalty  
3 shall accrue on the tax lien at the same rate and with the same  
4 restrictions, if any, as specified by statute for the accrual  
5 of interest and penalty for the type of tax or taxes for which  
6 the tax lien was issued.

7 Section 1-25. Time period of lien.

8 (a) A notice of tax lien shall be a lien upon the debtor's  
9 property located anywhere in the State for a period of 20 years  
10 from the date of filing unless it is sooner released by the  
11 Department.

12 (b) A notice of release of tax lien filed in the registry  
13 shall constitute a release of the tax lien within the  
14 Department, the registry, and the county in which the tax lien  
15 was previously filed. The information contained on the registry  
16 shall be controlling, and the registry shall supersede the  
17 records of any county.

18 Section 1-30. Registry format.

19 (a) The Department shall maintain notices of tax liens  
20 filed in the registry after the effective date of this Act in  
21 its information management system in a form that permits the  
22 information to be readily accessible in an electronic form  
23 through the Internet and to be reduced to printed form. The  
24 electronic and printed form shall include the following

1 information:

2 (1) the name of the taxpayer;

3 (2) the name and address of the Department;

4 (3) the tax lien number assigned to the lien by the  
5 Department;

6 (4) the amount of the taxes, penalties, interest, and  
7 fees indicated due on the notice of tax lien received from  
8 the Department; and

9 (5) the date and time of filing.

10 (b) Information in the registry shall be searchable by name  
11 of debtor or by tax lien number. The Department shall not  
12 charge for access to information in the registry.

13 (c) The Department is authorized to sell at bulk the  
14 information appearing on the tax lien registry. In selling the  
15 information, the Department shall adopt rules governing the  
16 process by which the information will be sold and the media or  
17 method by which it will be available to the purchaser and shall  
18 set a price for the information that will at least cover the  
19 cost of producing the information. The proceeds from the sale  
20 of bulk information shall be retained by the Department and  
21 used to cover its cost to produce the information sold and to  
22 maintain the registry.

23 (d) Registry information, whether accessed by name of  
24 debtor or by tax lien number at no charge, through a bulk sale  
25 of information, or by other means, shall not be used for  
26 survey, marketing, or solicitation purposes. Survey,

1 marketing, or solicitation purpose does not include any action  
2 by the Department or its authorized agent to collect a debt  
3 represented by a tax lien appearing in the registry. The  
4 Attorney General may bring an action in any court of competent  
5 jurisdiction to enjoin the unlawful use of registry information  
6 for survey, marketing, or solicitation purposes and to recover  
7 the cost of such action, including reasonable attorney's fees.

8 Section 1-35. Rulemaking. The Department may adopt rules in  
9 accordance with the Illinois Administrative Procedure Act to  
10 enforce the provisions of this Act.

11 Section 1-40. Conflicts. In the event of conflict between  
12 this Act and any other law, this Act shall control.

13 ARTICLE 15. REVISED UNIFORM UNCLAIMED PROPERTY ACT

14 ARTICLE 1. GENERAL PROVISIONS

15 Section 15-101. Short title. This Act may be cited as the  
16 Revised Uniform Unclaimed Property Act. References in this  
17 Article 15 (the Revised Uniform Unclaimed Property Act) to  
18 "this Act" mean this Article 15 (the Revised Uniform Unclaimed  
19 Property Act).

20 Section 15-102. Definitions. In this Act:

1 (1) "Administrator" means the State Treasurer.

2 (2) "Administrator's agent" means a person with which  
3 the administrator contracts to conduct an examination  
4 under Article 10 on behalf of the administrator. The term  
5 includes an independent contractor of the person and each  
6 individual participating in the examination on behalf of  
7 the person or contractor.

8 (2.5) "Affiliated group of merchants" means 2 or more  
9 affiliated merchants or other persons that are related by  
10 common ownership or common corporate control and that share  
11 the same name, mark, or logo. The term also applies to 2 or  
12 more merchants or other persons that agree among  
13 themselves, by contract or otherwise, to redeem cards,  
14 codes, or other devices bearing the same name, mark, or  
15 logo (other than the mark, logo, or brand of a payment  
16 network), for the purchase of goods or services solely at  
17 such merchants or persons. However, merchants or other  
18 persons are not considered to be affiliated merely because  
19 they agree to accept a card that bears the mark, logo, or  
20 brand of a payment network.

21 (3) "Apparent owner" means a person whose name appears  
22 on the records of a holder as the owner of property held,  
23 issued, or owing by the holder.

24 (4) "Business association" means a corporation, joint  
25 stock company, investment company, unincorporated  
26 association, joint venture, limited liability company,

1 business trust, trust company, land bank, safe deposit  
2 company, safekeeping depository, financial organization,  
3 insurance company, federally chartered entity, utility,  
4 sole proprietorship, or other business entity, whether or  
5 not for profit.

6 (5) "Confidential information" means information that  
7 is "personal information" under the Personal Information  
8 Protection Act, "private information" under the Freedom of  
9 Information Act or personal information contained within  
10 public records, the disclosure of which would constitute a  
11 clearly unwarranted invasion of personal privacy, unless  
12 the disclosure is consented to in writing by the individual  
13 subjects of the information as provided in the Freedom of  
14 Information Act.

15 (6) "Domicile" means:

16 (A) for a corporation, the state of its  
17 incorporation;

18 (B) for a business association whose formation  
19 requires a filing with a state, other than a  
20 corporation, the state of its filing;

21 (C) for a federally chartered entity or an  
22 investment company registered under the Investment  
23 Company Act of 1940, the state of its home office; and

24 (D) for any other holder, the state of its  
25 principal place of business.

26 (7) "Electronic" means relating to technology having



1 electrical, digital, magnetic, wireless, optical,  
2 electromagnetic, or similar capabilities.

3 (8) "Electronic mail" means a communication by  
4 electronic means which is automatically retained and  
5 stored and may be readily accessed or retrieved.

6 (9) "Financial organization" means a bank, savings  
7 bank, corporate fiduciary, currency exchange, money  
8 transmitter, or credit union.

9 (10) "Game-related digital content" means digital  
10 content that exists only in an electronic game or  
11 electronic-game platform. The term:

12 (A) includes:

13 (i) game-play currency such as a virtual  
14 wallet, even if denominated in United States  
15 currency; and

16 (ii) the following if for use or redemption  
17 only within the game or platform or another  
18 electronic game or electronic-game platform:

19 (I) points sometimes referred to as gems,  
20 tokens, gold, and similar names; and

21 (II) digital codes; and

22 (B) does not include an item that the issuer:

23 (i) permits to be redeemed for use outside a  
24 game or platform for:

25 (I) money; or

26 (II) goods or services that have more than

1 minimal value; or

2 (ii) otherwise monetizes for use outside a  
3 game or platform.

4 (11) "Gift card" means:

5 (A) a stored-value card:

6 (i) issued on a prepaid basis in a specified  
7 amount;

8 (ii) the value of which does not expire;

9 (iii) that is not subject to a dormancy,  
10 inactivity, or service fee;

11 (iv) that may be decreased in value only by  
12 redemption for merchandise, goods, or services  
13 upon presentation at a single merchant or an  
14 affiliated group of merchants; and

15 (v) that, unless required by law, may not be  
16 redeemed for or converted into money or otherwise  
17 monetized by the issuer;

18 (B) includes a prepaid commercial mobile radio  
19 service, as defined in 47 C.F.R. 20.3, as amended; and

20 (C) does not include a stored-value card issued as  
21 in-store credit for returned merchandise.

22 (12) "Holder" means a person obligated to hold for the  
23 account of, or to deliver or pay to, the owner, property  
24 subject to this Act.

25 (13) "Insurance company" means an association,  
26 corporation, or fraternal or mutual-benefit organization,

1           whether or not for profit, engaged in the business of  
2           providing life endowments, annuities, or insurance,  
3           including accident, burial, casualty, credit-life,  
4           contract-performance, dental, disability, fidelity, fire,  
5           health, hospitalization, illness, life, malpractice,  
6           marine, mortgage, surety, wage-protection, and  
7           worker-compensation insurance.

8           (14) "Loyalty card" means a record given without direct  
9           monetary consideration under an award, reward, benefit,  
10          loyalty, incentive, rebate, or promotional program which  
11          may be used or redeemed only to obtain goods or services or  
12          a discount on goods or services. The term does not include  
13          a record that may be redeemed for money or otherwise  
14          monetized by the issuer.

15          (15) "Mineral" means gas, oil, coal, oil shale, other  
16          gaseous liquid or solid hydrocarbon, cement material, sand  
17          and gravel, road material, building stone, chemical raw  
18          material, gemstone, fissionable and nonfissionable ores,  
19          colloidal and other clay, steam and other geothermal  
20          resources, and any other substance defined as a mineral by  
21          law of this State other than this Act.

22          (16) "Mineral proceeds" means an amount payable for  
23          extraction, production, or sale of minerals, or, on the  
24          abandonment of the amount, an amount that becomes payable  
25          after abandonment. The term includes an amount payable:

26                (A) for the acquisition and retention of a mineral

1 lease, including a bonus, royalty, compensatory  
2 royalty, shut-in royalty, minimum royalty, and delay  
3 rental;

4 (B) for the extraction, production, or sale of  
5 minerals, including a net revenue interest, royalty,  
6 overriding royalty, extraction payment, and production  
7 payment; and

8 (C) under an agreement or option, including a  
9 joint-operating agreement, unit agreement, pooling  
10 agreement, and farm-out agreement.

11 (17) "Money order" means a payment order for a  
12 specified amount of money. The term includes an express  
13 money order and a personal money order on which the  
14 remitter is the purchaser.

15 (18) "Municipal bond" means a bond or evidence of  
16 indebtedness issued by a municipality or other political  
17 subdivision of a state.

18 (19) "Net card value" means the original purchase price  
19 or original issued value of a stored-value card, plus  
20 amounts added to the original price or value, minus amounts  
21 used and any service charge, fee, or dormancy charge  
22 permitted by law.

23 (20) "Non-freely transferable security" means a  
24 security that cannot be delivered to the administrator by  
25 the Depository Trust Clearing Corporation or similar  
26 custodian of securities providing post-trade clearing and

1 settlement services to financial markets or cannot be  
2 delivered because there is no agent to effect transfer. The  
3 term includes a worthless security.

4 (21) "Owner" means a person that has a legal,  
5 beneficial, or equitable interest in property subject to  
6 this Act or the person's legal representative when acting  
7 on behalf of the owner. The term includes:

8 (A) a depositor, for a deposit;

9 (B) a beneficiary, for a trust other than a deposit  
10 in trust;

11 (C) a creditor, claimant, or payee, for other  
12 property; and

13 (D) the lawful bearer of a record that may be used  
14 to obtain money, a reward, or a thing of value.

15 (22) "Payroll card" means a record that evidences a  
16 payroll-card account as defined in Regulation E, 12 CFR  
17 Part 1005, as amended.

18 (23) "Person" means an individual, estate, business  
19 association, public corporation, government or  
20 governmental subdivision, agency, or instrumentality, or  
21 other legal entity whether or not for profit.

22 (24) "Property" means tangible property described in  
23 Section 15-201 or a fixed and certain interest in  
24 intangible property held, issued, or owed in the course of  
25 a holder's business or by a government, governmental  
26 subdivision, agency, or instrumentality. The term:

1 (A) includes all income from or increments to the  
2 property;

3 (B) includes property referred to as or evidenced  
4 by:

5 (i) money, virtual currency, interest, or a  
6 dividend, check, draft, deposit, or payroll card;

7 (ii) a credit balance, customer's overpayment,  
8 stored-value card, security deposit, refund,  
9 credit memorandum, unpaid wage, unused ticket for  
10 which the issuer has an obligation to provide a  
11 refund, mineral proceeds, or unidentified  
12 remittance;

13 (iii) a security except for:

14 (I) a worthless security; or

15 (II) a security that is subject to a lien,  
16 legal hold, or restriction evidenced on the  
17 records of the holder or imposed by operation  
18 of law, if the lien, legal hold, or restriction  
19 restricts the holder's or owner's ability to  
20 receive, transfer, sell, or otherwise  
21 negotiate the security;

22 (iv) a bond, debenture, note, or other  
23 evidence of indebtedness;

24 (v) money deposited to redeem a security, make  
25 a distribution, or pay a dividend;

26 (vi) an amount due and payable under an annuity

1 contract or insurance policy; and

2 (vii) an amount distributable from a trust or  
3 custodial fund established under a plan to provide  
4 health, welfare, pension, vacation, severance,  
5 retirement, death, stock purchase, profit-sharing,  
6 employee-savings, supplemental-unemployment  
7 insurance, or a similar benefit; and

8 (C) does not include:

9 (i) game-related digital content;

10 (ii) a loyalty card; or

11 (iii) a gift card.

12 (25) "Putative holder" means a person believed by the  
13 administrator to be a holder, until the person pays or  
14 delivers to the administrator property subject to this Act  
15 or the administrator or a court makes a final determination  
16 that the person is or is not a holder.

17 (26) "Record" means information that is inscribed on a  
18 tangible medium or that is stored in an electronic or other  
19 medium and is retrievable in perceivable form. The phrase  
20 "records of the holder" includes records maintained by a  
21 third party that has contracted with the holder.

22 (27) "Security" means:

23 (A) a security as defined in Article 8 of the  
24 Uniform Commercial Code;

25 (B) a security entitlement as defined in Article 8  
26 of the Uniform Commercial Code, including a customer

1 security account held by a registered broker-dealer,  
2 to the extent the financial assets held in the security  
3 account are not:

4 (i) registered on the books of the issuer in  
5 the name of the person for which the broker-dealer  
6 holds the assets;

7 (ii) payable to the order of the person; or

8 (iii) specifically indorsed to the person; or

9 (C) an equity interest in a business association  
10 not included in subparagraph (A) or (B).

11 (28) "Sign" means, with present intent to authenticate  
12 or adopt a record:

13 (A) to execute or adopt a tangible symbol; or

14 (B) to attach to or logically associate with the  
15 record an electronic symbol, sound, or process.

16 (29) "State" means a state of the United States, the  
17 District of Columbia, the Commonwealth of Puerto Rico, the  
18 United States Virgin Islands, or any territory or insular  
19 possession subject to the jurisdiction of the United  
20 States.

21 (30) "Stored-value card" means a record evidencing a  
22 promise made for consideration by the seller or issuer of  
23 the record that goods, services, or money will be provided  
24 to the owner of the record to the value or amount shown in  
25 the record. The term:

26 (A) includes:



1           (i) a record that contains or consists of a  
2           microprocessor chip, magnetic strip, or other  
3           means for the storage of information, which is  
4           prefunded and whose value or amount is decreased on  
5           each use and increased by payment of additional  
6           consideration; and

7           (ii) a gift card and payroll card; and

8           (B) does not include a loyalty card or game-related  
9           digital content.

10          (31) "Utility" means a person that owns or operates for  
11          public use a plant, equipment, real property, franchise, or  
12          license for the following public services:

13               (A) transmission of communications or information;

14               (B) production, storage, transmission, sale,  
15               delivery, or furnishing of electricity, water, steam,  
16               or gas; or

17               (C) provision of sewage or septic services, or  
18               trash, garbage, or recycling disposal.

19          (32) "Virtual currency" means a digital representation  
20          of value used as a medium of exchange, unit of account, or  
21          store of value, which does not have legal tender status  
22          recognized by the United States. The term does not include:

23               (A) the software or protocols governing the  
24               transfer of the digital representation of value;

25               (B) game-related digital content; or

26               (C) a loyalty card or gift card.

1           (33) "Worthless security" means a security whose cost  
2           of liquidation and delivery to the administrator would  
3           exceed the value of the security on the date a report is  
4           due under this Act.

5           Section 15-103. Inapplicability to foreign transaction.  
6           This Act does not apply to property held, due, and owing in a  
7           foreign country if the transaction out of which the property  
8           arose was a foreign transaction.

9           Section 15-104. Rulemaking. The administrator may adopt  
10          rules to implement and administer this Act pursuant to the  
11          Illinois Administrative Procedure Act.

12                                   ARTICLE 2. PRESUMPTION OF ABANDONMENT

13          Section 15-201. When property presumed abandoned. Subject  
14          to Section 15-210, the following property is presumed abandoned  
15          if it is unclaimed by the apparent owner during the period  
16          specified below:

17                   (1) a traveler's check, 15 years after issuance;

18                   (2) a money order, 7 years after issuance;

19                   (3) (Blank).

20                   (4) a state or municipal bond, bearer bond, or  
21          original-issue-discount bond, 3 years after the earliest  
22          of the date the bond matures or is called or the obligation

1 to pay the principal of the bond arises;

2 (5) a debt of a business association, 3 years after the  
3 obligation to pay arises;

4 (6) a demand, savings, or time deposit, 3 years after  
5 the later of maturity or the date of the last indication of  
6 interest in the property by the apparent owner, except for  
7 a deposit that is automatically renewable, 3 years after  
8 its initial date of maturity unless the apparent owner  
9 consented in a record on file with the holder to renewal at  
10 or about the time of the renewal;

11 (7) money or a credit owed to a customer as a result of  
12 a retail business transaction, including an in-store  
13 credit for returned merchandise, other than a stored-value  
14 card, 3 years after the obligation arose;

15 (8) an amount owed by an insurance company on a life or  
16 endowment insurance policy or an annuity contract that has  
17 matured or terminated, 3 years after the obligation to pay  
18 arose under the terms of the policy or contract or, if a  
19 policy or contract for which an amount is owed on proof of  
20 death has not matured by proof of the death of the insured  
21 or annuitant, as follows:

22 (A) with respect to an amount owed on a life or  
23 endowment insurance policy, the earlier of:

24 (i) 3 years after the death of the insured; or

25 (ii) 2 years after the insured has attained, or  
26 would have attained if living, the limiting age

1           under the mortality table on which the reserve for  
2           the policy is based; and

3           (B) with respect to an amount owed on an annuity  
4           contract, 3 years after the death of the annuitant.

5           (9) funds on deposit or held in trust for the  
6           prepayment of a funeral or other funeral-related expenses,  
7           the earliest of:

8           (A) 2 years after the date of death of the  
9           beneficiary;

10           (B) one year after the date the beneficiary has  
11           attained, or would have attained if living, the age of  
12           105 where the holder does not know whether the  
13           beneficiary is deceased;

14           (C) 30 years after the contract for prepayment was  
15           executed;

16           (10) property distributable by a business association  
17           in the course of dissolution or distributions from the  
18           termination of a retirement plan, one year after the  
19           property becomes distributable;

20           (11) property held by a court, including property  
21           received as proceeds of a class action, 3 years after the  
22           property becomes distributable;

23           (12) property held by a government or governmental  
24           subdivision, agency, or instrumentality, including  
25           municipal bond interest and unredeemed principal under the  
26           administration of a paying agent or indenture trustee, 3

1 years after the property becomes distributable;

2 (13) wages, commissions, bonuses, or reimbursements to  
3 which an employee is entitled, or other compensation for  
4 personal services, including amounts held on a payroll  
5 card, one year after the amount becomes payable;

6 (14) a deposit or refund owed to a subscriber by a  
7 utility, one year after the deposit or refund becomes  
8 payable, except that any capital credits or patronage  
9 capital retired, returned, refunded or tendered to a member  
10 of an electric cooperative as defined in Section 3.4 of the  
11 Electric Supplier Act shall not be subject to, or governed  
12 by, any other provisions of this Act, but rather shall be  
13 used by the cooperative for the benefit of the general  
14 membership of the cooperative; and

15 (15) property not specified in this Section or Sections  
16 15-202 through 15-208, the earlier of 3 years after the  
17 owner first has a right to demand the property or the  
18 obligation to pay or distribute the property arises.

19 Notwithstanding anything to the contrary in this Section  
20 15-201, and subject to Section 15-210, a deceased owner cannot  
21 indicate interest in his or her property. If the owner is  
22 deceased and the abandonment period for the owner's property  
23 specified in this Section 15-201 is greater than 2 years, then  
24 the property, other than an amount owed by an insurance company  
25 on a life or endowment insurance policy or an annuity contract  
26 that has matured or terminated, shall instead be presumed

1 abandoned 2 years from the date of the owner's last indication  
2 of interest in the property.

3 Section 15-202. When tax-deferred retirement account  
4 presumed abandoned.

5 (a) Subject to Section 15-210, property held in a pension  
6 account or retirement account that qualifies for tax deferral  
7 under the income-tax laws of the United States is presumed  
8 abandoned if it is unclaimed by the apparent owner after the  
9 later of:

10 (1) 3 years after the following dates:

11 (A) except as in subparagraph (B), the date a  
12 communication sent by the holder by first-class United  
13 States mail to the apparent owner is returned to the  
14 holder undelivered by the United States Postal  
15 Service; or

16 (B) if such communication is re-sent within 30 days  
17 after the date the first communication is returned  
18 undelivered, the date the second communication was  
19 returned undelivered by the United States Postal  
20 Service; or

21 (2) the earlier of the following dates:

22 (A) 3 years after the date the apparent owner  
23 becomes 70.5 years of age, if determinable by the  
24 holder; or

25 (B) one year after the date of mandatory

1 distribution following death if the Internal Revenue  
2 Code requires distribution to avoid a tax penalty and  
3 the holder:

4 (i) receives confirmation of the death of the  
5 apparent owner in the ordinary course of its  
6 business; or

7 (ii) confirms the death of the apparent owner  
8 under subsection (b).

9 (b) If a holder in the ordinary course of its business  
10 receives notice or an indication of the death of an apparent  
11 owner and subsection (a) (2) applies, the holder shall attempt  
12 not later than 90 days after receipt of the notice or  
13 indication to confirm whether the apparent owner is deceased.

14 (c) If the holder does not send communications to the  
15 apparent owner of an account described in subsection (a) by  
16 first-class United States mail on at least an annual basis, the  
17 holder shall attempt to confirm the apparent owner's interest  
18 in the property by sending the apparent owner an  
19 electronic-mail communication not later than 2 years after the  
20 apparent owner's last indication of interest in the property.  
21 However, the holder promptly shall attempt to contact the  
22 apparent owner by first-class United States mail if:

23 (1) the holder does not have information needed to send  
24 the apparent owner an electronic mail communication or the  
25 holder believes that the apparent owner's electronic mail  
26 address in the holder's records is not valid;

1           (2) the holder receives notification that the  
2 electronic-mail communication was not received; or

3           (3) the apparent owner does not respond to the  
4 electronic-mail communication within 30 days after the  
5 communication was sent.

6           (d) If first-class United States mail sent under subsection  
7 (c) is returned to the holder undelivered by the United States  
8 Postal Service, the property is presumed abandoned 3 years  
9 after the later of:

10           (1) except as in paragraph (2), the date a  
11 communication to contact the apparent owner sent by  
12 first-class United States mail is returned to the holder  
13 undelivered;

14           (2) if such communication is re-sent within 30 days  
15 after the date the first communication is returned  
16 undelivered, the date the second communication was  
17 returned undelivered; or

18           (3) the date established by subsection (a) (2).

19           Section 15-203. When other tax-deferred account presumed  
20 abandoned.

21           (a) Subject to Section 15-210 and except for property  
22 described in Section 15-202, property held in an account or  
23 plan, including a health savings account, that qualifies for  
24 tax deferral under the income-tax laws of the United States is  
25 presumed abandoned if it is unclaimed by the apparent owner 3



1 years after the earlier of:

2 (1) the date, if determinable by the holder, specified  
3 in the income-tax laws and regulations of the United States  
4 by which distribution of the property must begin to avoid a  
5 tax penalty, with no distribution having been made; or

6 (2) 30 years after the date the account was opened.

7 (b) If the owner is deceased, then property subject to this  
8 Section is presumed abandoned 2 years from the earliest of:

9 (1) the date of the distribution or attempted  
10 distribution of the property;

11 (2) the date of the required distribution as stated in  
12 the plan or trust agreement governing the plan; or

13 (3) the date, if determinable by the holder, specified  
14 in the income tax laws of the United States by which  
15 distribution of the property must begin in order to avoid a  
16 tax penalty.

17 Section 15-204. When custodial account for minor presumed  
18 abandoned.

19 (a) Subject to Section 15-210, property held in an account  
20 established under a state's Uniform Gifts to Minors Act or  
21 Uniform Transfers to Minors Act is presumed abandoned if it is  
22 unclaimed by or on behalf of the minor on whose behalf the  
23 account was opened 3 years after the later of:

24 (1) except as in subparagraph (2), the date a  
25 communication sent by the holder by first-class United

1 States mail to the custodian of the minor on whose behalf  
2 the account was opened is returned undelivered to the  
3 holder by the United States Postal Service;

4 (2) if a communication is re-sent within 30 days after  
5 the date the first communication is returned undelivered,  
6 the date the second communication was returned  
7 undelivered; or

8 (3) the date on which the custodian is required to  
9 transfer the property to the minor or the minor's estate in  
10 accordance with the Uniform Gifts to Minors Act or Uniform  
11 Transfers to Minors Act of the state in which the account  
12 was opened.

13 (b) If the holder does not send communications to the  
14 custodian of the minor on whose behalf an account described in  
15 subsection (a) was opened by first-class United States mail on  
16 at least an annual basis, the holder shall attempt to confirm  
17 the custodian's interest in the property by sending the  
18 custodian an electronic-mail communication not later than 2  
19 years after the custodian's last indication of interest in the  
20 property. However, the holder promptly shall attempt to contact  
21 the custodian by first-class United States mail if:

22 (1) the holder does not have information needed to send  
23 the custodian an electronic mail communication or the  
24 holder believes that the custodian's electronic-mail  
25 address in the holder's records is not valid;

26 (2) the holder receives notification that the

1 electronic-mail communication was not received; or

2 (3) the custodian does not respond to the  
3 electronic-mail communication within 30 days after the  
4 communication was sent.

5 (c) If first-class United States mail sent under subsection  
6 (b) is returned undelivered to the holder by the United States  
7 Postal Service, the property is presumed abandoned 3 years  
8 after the later of:

9 (1) the date a communication to contact the custodian  
10 by first-class United States mail is returned to the holder  
11 undelivered by the United States Postal Service; or

12 (2) the date established by subsection (a) (3).

13 (d) Notwithstanding any other provision of this Act, money  
14 of a minor deposited pursuant to Section 24-21 of the Probate  
15 Act of 1975 shall not be presumed abandoned earlier than 3  
16 years after the minor attains legal age. Such money shall be  
17 deposited into an account which shall indicate the date of  
18 birth of the minor.

19 (e) (Blank).

20 (f) When the property in the account described in  
21 subsections (a) or (d) is transferred to the minor on whose  
22 behalf an account was opened or to the minor's estate, the  
23 property in the account is no longer subject to this Section.

24 Section 15-205. When contents of safe-deposit box presumed  
25 abandoned. Tangible property held in a safe-deposit box are

1 presumed abandoned if the property remains unclaimed by the  
2 apparent owner 5 years after the expiration of the lease or  
3 rental period for the box.

4 Section 15-206. When stored-value card presumed abandoned.

5 (a) Subject to Section 15-210, the net card value of a  
6 stored-value card, other than a payroll card or a gift card, is  
7 presumed abandoned on the latest of 5 years after:

8 (1) December 31 of the year in which the card is issued  
9 or additional funds are deposited into it;

10 (2) the most recent indication of interest in the card  
11 by the apparent owner; or

12 (3) a verification or review of the balance by or on  
13 behalf of the apparent owner.

14 (b) The amount presumed abandoned in a stored-value card is  
15 the net card value at the time it is presumed abandoned.

16 (c) However, if a holder has reported and remitted to the  
17 administrator the net card value on a stored-value card  
18 presumed abandoned under this Section and the stored-value card  
19 does not have an expiration date, then the holder must honor  
20 the card on presentation indefinitely and may then request  
21 reimbursement from the administrator under Section 605.

22 Section 15-208. When security presumed abandoned.

23 (a) Subject to Section 15-210, a security is presumed  
24 abandoned upon the earlier of the following:

1           (1) 3 years after the date a communication sent by the  
2 holder by first-class United States mail to the apparent  
3 owner is returned to the holder undelivered by the United  
4 States Postal Service; however, if such returned  
5 communication is re-sent within one month to the apparent  
6 owner, the 3-year period does not begin to run until the  
7 day the resent item is returned as undeliverable; or

8           (2) 5 years after the date of the apparent owner's last  
9 indication of interest in the security.

10          (b) If the holder does not send communications to the  
11 apparent owner of a security by first-class United States mail  
12 on at least an annual basis, the holder shall attempt to  
13 confirm the apparent owner's interest in the security by  
14 sending the apparent owner an electronic-mail communication  
15 not later than 3 years after the apparent owner's last  
16 indication of interest in the security. However, the holder  
17 promptly shall attempt to contact the apparent owner by  
18 first-class United States mail if:

19           (1) the holder does not have information needed to send  
20 the apparent owner an electronic-mail communication or the  
21 holder believes that the apparent owner's electronic-mail  
22 address in the holder's records is not valid;

23           (2) the holder receives notification that the  
24 electronic-mail communication was not received; or

25           (3) the apparent owner does not respond to the  
26 electronic-mail communication within 30 days after the

1 communication was sent.

2 (c) If first-class United States mail sent under subsection  
3 (b) is returned to the holder undelivered by the United States  
4 Postal Service, the security is presumed abandoned in  
5 accordance with subsection (a) (2) above.

6 (d) If a holder in the ordinary course of its business  
7 receives notice or an indication of the death of an apparent  
8 owner, the holder shall attempt not later than 90 days after  
9 receipt of the notice or indication to confirm whether the  
10 apparent owner is deceased. Notwithstanding the standards set  
11 forth in paragraphs (a), (b) and (c), if the holder either  
12 receives confirmation of the death of the apparent owner in the  
13 ordinary course of its business or confirms the death of the  
14 apparent owner under this subsection (d), then, the property  
15 shall be presumed abandoned 2 years after the date of death of  
16 the owner.

17 Section 15-209. When related property presumed abandoned.  
18 At and after the time property is presumed abandoned under this  
19 Act, any other property right or interest accrued or accruing  
20 from the property and not previously presumed abandoned is also  
21 presumed abandoned.

22 Section 15-210. Indication of apparent owner interest in  
23 property.

24 (a) The period after which property is presumed abandoned

1 is measured from the later of:

2 (1) the date the property is presumed abandoned under  
3 this Article; or

4 (2) the latest indication of interest by the apparent  
5 owner in the property.

6 (b) Under this Act, an indication of an apparent owner's  
7 interest in property includes:

8 (1) a record communicated by the apparent owner to the  
9 holder or agent of the holder concerning the property or  
10 the account in which the property is held;

11 (2) an oral communication by the apparent owner to the  
12 holder or agent of the holder concerning the property or  
13 the account in which the property is held, if the holder or  
14 its agent contemporaneously makes and preserves a record of  
15 the fact of the apparent owner's communication;

16 (3) presentment of a check or other instrument of  
17 payment of a dividend, interest payment, or other  
18 distribution, or evidence of receipt of a distribution made  
19 by electronic or similar means, with respect to an account,  
20 underlying security, or interest in a business  
21 association;

22 (4) activity directed by an apparent owner in the  
23 account in which the property is held, including accessing  
24 the account or information concerning the account, or a  
25 direction by the apparent owner to increase, decrease, or  
26 otherwise change the amount or type of property held in the

1 account;

2 (5) a deposit into or withdrawal from an account at a  
3 financial organization, except for a recurring Automated  
4 Clearing House (ACH) debit or credit previously authorized  
5 by the apparent owner or an automatic reinvestment of  
6 dividends or interest; and

7 (6) subject to subsection (e), payment of a premium on  
8 an insurance policy.

9 (c) An action by an agent or other representative of an  
10 apparent owner, other than the holder acting as the apparent  
11 owner's agent, is presumed to be an action on behalf of the  
12 apparent owner.

13 (d) A communication with an apparent owner by a person  
14 other than the holder or the holder's representative is not an  
15 indication of interest in the property by the apparent owner  
16 unless a record of the communication evidences the apparent  
17 owner's knowledge of a right to the property.

18 (e) If the insured dies or the insured or beneficiary of an  
19 insurance policy otherwise becomes entitled to the proceeds  
20 before depletion of the cash surrender value of the policy by  
21 operation of an automatic-premium-loan provision or other  
22 nonforfeiture provision contained in the policy, the operation  
23 does not prevent the policy from maturing or terminating.

24 (f) If the apparent owner has another property with the  
25 holder to which Section 201(6) applies, then activity directed  
26 by an apparent owner in any other accounts, including loan



1 accounts, at a financial organization holding an inactive  
2 account of the apparent owner shall be an indication of  
3 interest in all such accounts if:

4 (A) the apparent owner engages in one or more of  
5 the following activities:

6 (i) the apparent owner undertakes one or more  
7 of the actions described in subsection (b) of this  
8 Section regarding any account that appears on a  
9 consolidated statement with the inactive account;

10 (ii) the apparent owner increases or decreases  
11 the amount of funds in any other account the  
12 apparent owner has with the financial  
13 organization; or

14 (iii) the apparent owner engages in any other  
15 relationship with the financial organization,  
16 including payment of any amounts due on a loan; and

17 (B) the foregoing apply so long as the mailing  
18 address for the apparent owner in the financial  
19 organization's books and records is the same for both  
20 the inactive account and the active account.

21 Section 15-211. Knowledge of death of insured or annuitant.

22 (a) In this Section, "death master file" means the United  
23 States Social Security Administration Death Master File or  
24 other database or service that is at least as comprehensive as  
25 the United States Social Security Administration Death Master

1 File for determining that an individual reportedly has died.

2 (b) With respect to a life or endowment insurance policy or  
3 annuity contract for which an amount is owed on proof of death,  
4 but which has not matured by proof of death of the insured or  
5 annuitant, the company has knowledge of the death of an insured  
6 or annuitant when:

7 (1) the company receives a death certificate or court  
8 order determining that the insured or annuitant has died;

9 (2) the company:

10 (A) receives notice of the death of the insured or  
11 annuitant from the administrator or an unclaimed  
12 property administrator of another state, a  
13 beneficiary, a policy owner, a relative of the insured,  
14 a representative under the Probate Act of 1975, or from  
15 an executor or other legal representative of the  
16 insured's or annuitant's estate; and

17 (B) validates the death of the insured or  
18 annuitant;

19 (3) the company conducts a comparison for any purpose  
20 between a death master file and the names of some or all of  
21 the company's insureds or annuitants, finds a match that  
22 provides notice that the insured or annuitant has died; or

23 (4) the administrator or the administrator's agent  
24 conducts a comparison for the purpose of finding matches  
25 during an examination conducted under Article 10 between a  
26 death master file and the names of some or all of the

1 company's insureds or annuitants, finds a match that  
2 provides notice that the insured or annuitant has died.

3 (c) The following rules apply under this Section:

4 (1) A death-master-file match under subsection (b) (3)  
5 or (4) occurs if the criteria for an exact or partial match  
6 are satisfied as provided by either:

7 (A) the Unclaimed Life Insurance Benefits Act or  
8 other law of this State other than this Act; or

9 (B) a rule or policy adopted by the Director of the  
10 Department of Insurance.

11 (2) The death-master-file match does not constitute  
12 proof of death for the purpose of submission to an  
13 insurance company of a claim by a beneficiary, annuitant,  
14 or owner of the policy or contract for an amount due under  
15 an insurance policy or annuity contract.

16 (3) The death-master-file match or validation of the  
17 insured's or annuitant's death does not alter the  
18 requirements for a beneficiary, annuitant, or owner of the  
19 policy or contract to make a claim to receive proceeds  
20 under the terms of the policy or contract.

21 (4) An insured or an annuitant is presumed dead if the  
22 date of his or her death is indicated by the  
23 death-master-file match under either subsection (b) (3) or  
24 (b) (4), unless the insurer has competent and substantial  
25 evidence that the person is living, including, but not  
26 limited to, a contact made by the insurer with the person

1           or his or her legal representative.

2           (d) This Act does not affect the determination of the  
3 extent to which an insurance company before the effective date  
4 of this Act had knowledge of the death of an insured or  
5 annuitant or was required to conduct a death-master-file  
6 comparison to determine whether amounts owed by the company on  
7 a life or endowment insurance policy or annuity contract were  
8 presumed abandoned or unclaimed.

9           Section 15-212. Deposit account for proceeds of insurance  
10 policy or annuity contract. If proceeds payable under a life or  
11 endowment insurance policy or annuity contract are deposited  
12 into an account with check or draft-writing privileges for the  
13 beneficiary of the policy or contract and, under a  
14 supplementary contract not involving annuity benefits other  
15 than death benefits, the proceeds are retained by the insurance  
16 company or the financial organization where the account is  
17 held, the policy or contract includes the assets in the  
18 account.

19           Section 15-213. United States savings bonds.

20           (a) As used in this Section, "United States savings bond"  
21 means property, tangible or intangible, in the form of a  
22 savings bond issued by the United States Treasury, whether in  
23 paper, electronic, or paperless form, along with all proceeds  
24 thereof in the possession of the administrator.

1           (b) Notwithstanding any provision of this Act to the  
2 contrary, a United States savings bond subject to this Section  
3 or held or owing in this State by any person is presumed  
4 abandoned when such bond has remained unclaimed and unredeemed  
5 for 5 years after its date of final extended maturity.

6           (c) United States savings bonds that are presumed abandoned  
7 and unclaimed under subsection (b) shall escheat to the State  
8 of Illinois and all property rights and legal title to and  
9 ownership of the United States savings bonds, or proceeds from  
10 the bonds, including all rights, powers, and privileges of  
11 survivorship of any owner, co-owner, or beneficiary, shall vest  
12 solely in the State according to the procedure set forth in  
13 subsections (d) through (f).

14           (d) Within 180 days after a United States savings bond has  
15 been presumed abandoned, in the absence of a claim having been  
16 filed with the administrator for the savings bond, the  
17 administrator shall commence a civil action in the Circuit  
18 Court of Sangamon County for a determination that the United  
19 States savings bonds has escheated to the State. The  
20 administrator may postpone the bringing of the action until  
21 sufficient United States savings bonds have accumulated in the  
22 administrator's custody to justify the expense of the  
23 proceedings.

24           (e) The administrator shall make service by publication in  
25 the civil action in accordance with Sections 2-206 and 2-207 of  
26 the Code of Civil Procedure, which shall include the filing

1 with the Circuit Court of Sangamon County of the affidavit  
2 required in Section 2-206 of that Code by an employee of the  
3 administrator with personal knowledge of the efforts made to  
4 contact the owners of United States savings bonds presumed  
5 abandoned under this Section. In addition to the diligent  
6 inquiries made pursuant to Section 2-206 of the Code of Civil  
7 Procedure, the administrator may also utilize additional  
8 discretionary means to attempt to provide notice to persons who  
9 may own a United States savings bond registered to a person  
10 with a last known address in the State of Illinois subject to a  
11 civil action pursuant to subsection (d).

12 (f) The owner of a United States savings bond registered to  
13 a person with a last known address in the State of Illinois  
14 subject to a civil action pursuant to subsection (d) may file a  
15 claim for such United States savings bond with either the  
16 administrator or by filing a claim in the civil action in the  
17 Circuit Court of Sangamon County in which the savings bond  
18 registered to that person is at issue prior to the entry of a  
19 final judgment by the Circuit Court pursuant to this  
20 subsection, and unless the Circuit Court determines that such  
21 United States savings bond is not owned by the claimant, then  
22 such United States savings bond shall no longer be presumed  
23 abandoned. If no person files a claim or appears at the hearing  
24 to substantiate a disputed claim or if the court determines  
25 that a claimant is not entitled to the property claimed by the  
26 claimant, then the court, if satisfied by evidence that the

1 administrator has substantially complied with the laws of this  
2 State, shall enter a judgment that the United States savings  
3 bonds have escheated to this State, and all property rights and  
4 legal title to and ownership of such United States savings  
5 bonds or proceeds from such bonds, including all rights,  
6 powers, and privileges of survivorship of any owner, co-owner,  
7 or beneficiary, shall vest in this State.

8 (g) The administrator shall redeem from the Bureau of the  
9 Fiscal Service of the United States Treasury the United States  
10 savings bonds escheated to the State and deposit the proceeds  
11 from the redemption of United States savings bonds into the  
12 Unclaimed Property Trust Fund.

13 (h) Any person making a claim for the United States savings  
14 bonds escheated to the State under this subsection, or for the  
15 proceeds from such bonds, may file a claim with the  
16 administrator. Upon providing sufficient proof of the validity  
17 of such person's claim, the administrator may, in his or her  
18 sole discretion, pay such claim. If payment has been made to  
19 any claimant, no action thereafter may be maintained by any  
20 other claimant against the State or any officer thereof for or  
21 on account of such funds.

22 ARTICLE 3. RULES FOR TAKING CUSTODY OF PROPERTY PRESUMED

23 ABANDONED

24 Section 15-301. Address of apparent owner to establish

1 priority. In this Article, the following rules apply:

2 (1) The last-known address of an apparent owner is any  
3 description, code, or other indication of the location of  
4 the apparent owner which identifies the state, even if the  
5 description, code, or indication of location is not  
6 sufficient to direct the delivery of first-class United  
7 States mail to the apparent owner.

8 (2) If the United States postal zip code associated  
9 with the apparent owner is for a post office located in  
10 this State, this State is deemed to be the state of the  
11 last-known address of the apparent owner unless other  
12 records associated with the apparent owner specifically  
13 identify the physical address of the apparent owner to be  
14 in another state.

15 (3) If the address under paragraph (2) is in another  
16 state, the other state is deemed to be the state of the  
17 last-known address of the apparent owner.

18 (4) The address of the apparent owner of a life or  
19 endowment insurance policy or annuity contract or its  
20 proceeds is presumed to be the address of the insured or  
21 annuitant if a person other than the insured or annuitant  
22 is entitled to the amount owed under the policy or contract  
23 and the address of the other person is not known by the  
24 insurance company and cannot be determined under Section  
25 15-302. The address of the apparent owner of other property  
26 where ownership vests in a beneficiary upon the death of



1 the owner is presumed to be the address of the now-deceased  
2 owner if the address of the beneficiary is not known by the  
3 holder and cannot be determined under Section 15-302.

4 Section 15-302. Address of apparent owner in this State.  
5 The administrator may take custody of property that is presumed  
6 abandoned, whether located in this State, another state, or a  
7 foreign country if:

8 (1) the last-known address of the apparent owner in the  
9 records of the holder is in this State; or

10 (2) the records of the holder do not reflect the  
11 identity or last-known address of the apparent owner, but  
12 the administrator has determined that the last-known  
13 address of the apparent owner is in this State.

14 Section 15-303. If records show multiple addresses of  
15 apparent owner.

16 (a) Except as in subsection (b), if records of a holder  
17 reflect multiple addresses for an apparent owner and this State  
18 is the state of the most recently recorded address, this State  
19 may take custody of property presumed abandoned, whether  
20 located in this State or another state.

21 (b) If it appears from records of the holder that the most  
22 recently recorded address of the apparent owner under  
23 subsection (a) is a temporary address and this State is the  
24 state of the next most recently recorded address that is not a

1 temporary address, this State may take custody of the property  
2 presumed abandoned.

3 Section 15-304. Holder domiciled in this State.

4 (a) Except as in subsection (b) or Section 15-302 or  
5 15-303, the administrator may take custody of property presumed  
6 abandoned, whether located in this State, another state, or a  
7 foreign country, if the holder is domiciled in this State or is  
8 this State or a governmental subdivision, agency, or  
9 instrumentality of this State, and

10 (1) another state or foreign country is not entitled to  
11 the property because there is no last-known address of the  
12 apparent owner or other person entitled to the property in  
13 the records of the holder; or

14 (2) the state or foreign country of the last-known  
15 address of the apparent owner or other person entitled to  
16 the property does not provide for custodial taking of the  
17 property.

18 (b) Property is not subject to custody of the administrator  
19 under subsection (a) if the property is specifically exempt  
20 from custodial taking under the law of this State or the state  
21 or foreign country of the last-known address of the apparent  
22 owner.

23 (c) If a holder's state of domicile has changed since the  
24 time property was presumed abandoned, the holder's state of  
25 domicile under this Section is deemed to be the state where the

1 holder was domiciled at the time the property was presumed  
2 abandoned.

3 Section 15-305. Custody if transaction took place in this  
4 State. Except as in Section 15-302, 15-303, or 15-304, the  
5 administrator may take custody of property presumed abandoned  
6 whether located in this State or another state if:

7 (1) the transaction out of which the property arose  
8 took place in this State;

9 (2) the holder is domiciled in a state that does not  
10 provide for the custodial taking of the property, except  
11 that if the property is specifically exempt from custodial  
12 taking under the law of the state of the holder's domicile,  
13 the property is not subject to the custody of the  
14 administrator; and

15 (3) the last-known address of the apparent owner or  
16 other person entitled to the property is unknown or in a  
17 state that does not provide for the custodial taking of the  
18 property, except that if the property is specifically  
19 exempt from custodial taking under the law of the state of  
20 the last-known address, the property is not subject to the  
21 custody of the administrator.

22 Section 15-306. Traveler's check, money order, or similar  
23 instrument. The administrator may take custody of sums payable  
24 on a traveler's check, money order, or similar instrument

1 presumed abandoned to the extent permissible under 12 U.S.C.  
2 Sections 2501 through 2503, as amended.

3 Section 15-307. Burden of proof to establish  
4 administrator's right to custody. Subject to Article 4 and  
5 Section 15-1005, if the administrator asserts a right to  
6 custody of unclaimed property and there is a dispute concerning  
7 such property, the administrator has the initial burden to  
8 prove:

9 (1) the amount of the property;

10 (2) the property is presumed abandoned; and

11 (3) the property is subject to the custody of the  
12 administrator.

13 ARTICLE 4. REPORT BY HOLDER

14 Section 15-401. Report required by holder.

15 (a) A holder of property presumed abandoned and subject to  
16 the custody of the administrator shall report in a record to  
17 the administrator concerning the property. A holder shall  
18 report via the internet in a format approved by the  
19 administrator, unless the administrator gives a holder  
20 specific permission to file a paper report.

21 (b) A holder may contract with a third party to make the  
22 report required under subsection (a).

23 (c) Whether or not a holder contracts with a third party

1 under subsection (b), the holder is responsible:

2 (1) to the administrator for the complete, accurate,  
3 and timely reporting of property presumed abandoned; and

4 (2) for paying or delivering to the administrator  
5 property described in the report.

6 Section 15-402. Content of report.

7 (a) The report required under Section 15-401 must:

8 (1) be signed by or on behalf of the holder and  
9 verified as to its completeness and accuracy;

10 (2) if filed electronically, be in a secure format  
11 approved by the administrator which protects confidential  
12 information of the apparent owner;

13 (3) describe the property;

14 (4) except for a traveler's check, money order, or  
15 similar instrument, contain the name, if known, last-known  
16 address, if known, and Social Security number or taxpayer  
17 identification number, if known or readily ascertainable,  
18 of the apparent owner of property with a value of \$5 or  
19 more;

20 (5) for an amount held or owing under a life or  
21 endowment insurance policy, annuity contract, or other  
22 property where ownership vests in a beneficiary upon the  
23 death of the owner, contain the name and last-known address  
24 of the insured, annuitant, or other apparent owner of the  
25 policy or contract and of the beneficiary;

1           (6) for property held in or removed from a safe-deposit  
2 box, indicate the location of the property, where it may be  
3 inspected by the administrator, and any amounts owed to the  
4 holder under Section 15-606;

5           (7) contain the commencement date for determining  
6 abandonment under Article 2;

7           (8) state that the holder has complied with the notice  
8 requirements of Section 15-501;

9           (9) identify property that is a non-freely  
10 transferable security and explain why it is a non-freely  
11 transferable security; and

12           (10) contain other information the administrator  
13 prescribes by rules.

14           (b) A report under Section 15-401 may include in the  
15 aggregate items valued under \$5 each. If the report includes  
16 items in the aggregate valued under \$5 each, the administrator  
17 may not require the holder to provide the name and address of  
18 an apparent owner of an item unless the information is  
19 necessary to verify or process a claim in progress by the  
20 apparent owner.

21           (c) A report under Section 15-401 may include personal  
22 information as defined in Section 15-1401(a) about the apparent  
23 owner or the apparent owner's property.

24           (d) If a holder has changed its name while holding property  
25 presumed abandoned or is a successor to another person that  
26 previously held the property for the apparent owner, the holder

1 must include in the report under Section 15-401 its former name  
2 or the name of the previous holder, if any, and the known name  
3 and address of each previous holder of the property.

4 Section 15-403. When report to be filed.

5 (a) Except as otherwise provided in subsection (b) and  
6 subject to subsection (c), the report under Section 15-401 must  
7 be filed before November 1 of each year and cover the 12 months  
8 preceding July 1 of that year.

9 (b) Subject to subsection (c), the report under Section  
10 15-401 to be filed by business associations, utilities, and  
11 life insurance companies must be filed before May 1 of each  
12 year for the immediately preceding calendar year.

13 (c) Before the date for filing the report under Section  
14 15-401, the holder of property presumed abandoned may request  
15 the administrator to extend the time for filing. The  
16 administrator may grant an extension. If the extension is  
17 granted, the holder may pay or make a partial payment of the  
18 amount the holder estimates ultimately will be due. The payment  
19 or partial payment terminates accrual of interest on the amount  
20 paid.

21 Section 15-404. Retention of records by holder. A holder  
22 required to file a report under Section 15-401 shall retain  
23 records for 10 years after the later of the date the report was  
24 filed or the last date a timely report was due to be filed,

1 unless a shorter period is provided by rule of the  
2 administrator. The holder may satisfy the requirement to retain  
3 records under this Section through an agent. The records must  
4 contain:

5 (1) the information required to be included in the  
6 report;

7 (2) the date, place, and nature of the circumstances  
8 that gave rise to the property right;

9 (3) the amount or value of the property;

10 (4) the last address of the apparent owner, if known to  
11 the holder;

12 (5) sufficient records of items which were not reported  
13 as unclaimed, to allow examination to determine whether the  
14 holder has complied with the Act; and

15 (6) if the holder sells, issues, or provides to others  
16 for sale or issue in this State traveler's checks, money  
17 orders, or similar instruments, other than third-party  
18 bank checks, on which the holder is directly liable, a  
19 record of the instruments while they remain outstanding  
20 indicating the state and date of issue.

21 Section 15-405. Property reportable and payable or  
22 deliverable absent owner demand. Property is reportable and  
23 payable or deliverable under this Act even if the owner fails  
24 to make demand or present an instrument or document otherwise  
25 required to obtain payment.



1 ARTICLE 5. NOTICE TO APPARENT OWNER OF PROPERTY PRESUMED

2 ABANDONED

3 Section 15-501. Notice to apparent owner by holder.

4 (a) Subject to subsections (b) and (c), the holder of  
5 property presumed abandoned shall send to the apparent owner  
6 notice by first-class United States mail that complies with  
7 Section 15-502 in a format acceptable to the administrator not  
8 more than one year nor less than 60 days before filing the  
9 report under Section 15-401 if:

10 (1) the holder has in its records an address for the  
11 apparent owner which the holder's records do not disclose  
12 to be invalid and is sufficient to direct the delivery of  
13 first-class United States mail to the apparent owner; and

14 (2) the value of the property is \$50 or more.

15 (b) If an apparent owner has consented to receive  
16 electronic-mail delivery from the holder, the holder shall send  
17 the notice described in subsection (a) both by first-class  
18 United States mail to the apparent owner's last-known mailing  
19 address and by electronic mail, unless the holder believes that  
20 the apparent owner's electronic-mail address is invalid.

21 (c) The holder of securities presumed abandoned under  
22 Sections 15-202, 15-203, or 15-208 shall send to the apparent  
23 owner notice by certified United States mail that complies with  
24 Section 15-502 in a format acceptable to the administrator not

1 less than 60 days before filing the report under Section 15-401  
2 if:

3 (1) the holder has in its records an address for the  
4 apparent owner which the holder's records do not disclose  
5 to be invalid and is sufficient to direct the delivery of  
6 United States mail to the apparent owner; and

7 (2) the value of the property is \$1,000 or more.

8 The administrator may issue rules allowing a holder to  
9 deduct reasonable costs incurred in sending a notice by  
10 certified United States mail under this subsection.

11 (d) In addition to other indications of an apparent owner's  
12 interest in property pursuant to Section 15-210, a signed  
13 return receipt in response to a notice sent pursuant to this  
14 Section by certified United States mail shall constitute a  
15 record communicated by the apparent owner to the holder  
16 concerning the property or the account in which the property is  
17 held.

18 Section 15-502. Contents of notice by holder.

19 (a) Notice under Section 15-501 must contain a heading that  
20 reads substantially as follows: "Notice. The State of Illinois  
21 requires us to notify you that your property may be transferred  
22 to the custody of the administrator if you do not contact us  
23 before (insert date that is 30 days after the date of this  
24 notice)."

25 (b) The notice under Section 15-501 must:

1           (1) identify the nature and, except for property that  
2 does not have a fixed value, the value of the property that  
3 is the subject of the notice;

4           (2) state that the property will be turned over to the  
5 State Treasurer;

6           (3) state that after the property is turned over to the  
7 State Treasurer an apparent owner that seeks return of the  
8 property may file a claim with the administrator;

9           (4) state that property that is not legal tender of the  
10 United States may be sold by the State Treasurer;

11           (5) provide instructions that the apparent owner must  
12 follow to prevent the holder from reporting and paying or  
13 delivering the property to the State Treasurer; and

14           (6) provide the name, address, and e-mail address or  
15 telephone number to contact the holder.

16           (c) The holder may supplement the required information by  
17 listing a website where apparent owners may obtain more  
18 information about how to prevent the holder from reporting and  
19 paying or delivering the property to the State Treasurer.

20           Section 15-503. Notice by administrator.

21           (a) The administrator shall give notice to an apparent  
22 owner that property presumed abandoned and appears to be owned  
23 by the apparent owner is held by the administrator under this  
24 Act.

25           (b) In providing notice under subsection (a), the

1 administrator shall:

2 (1) except as otherwise provided in paragraph (2), send  
3 written notice by first-class United States mail to each  
4 apparent owner of property valued at \$100 or more held by  
5 the administrator, unless the administrator determines  
6 that a mailing by first-class United States mail would not  
7 be received by the apparent owner, and, in the case of a  
8 security held in an account for which the apparent owner  
9 had consented to receiving electronic mail from the holder,  
10 send notice by electronic mail if the electronic-mail  
11 address of the apparent owner is known to the administrator  
12 instead of by first-class United States mail; or

13 (2) send the notice to the apparent owner's  
14 electronic-mail address if the administrator does not have  
15 a valid United States mail address for an apparent owner,  
16 but has an electronic-mail address that the administrator  
17 does not know to be invalid.

18 (c) In addition to the notice under subsection (b), the  
19 administrator shall:

20 (1) publish every 6 months in at least one English  
21 language newspaper of general circulation in each county in  
22 this State notice of property held by the administrator  
23 which must include:

24 (A) the total value of property received by the  
25 administrator during the preceding 6-month period,  
26 taken from the reports under Section 15-401;

1 (B) the total value of claims paid by the  
2 administrator during the preceding 6-month period;

3 (C) the Internet web address of the unclaimed  
4 property website maintained by the administrator;

5 (D) a telephone number and electronic-mail address  
6 to contact the administrator to inquire about or claim  
7 property; and

8 (E) a statement that a person may access the  
9 Internet by a computer to search for unclaimed property  
10 and a computer may be available as a service to the  
11 public at a local public library.

12 (2) The administrator shall maintain a website  
13 accessible by the public and electronically searchable  
14 which contains the names reported to the administrator of  
15 apparent owners for whom property is being held by the  
16 administrator. The administrator need not list property on  
17 such website when: no owner name was reported, a claim has  
18 been initiated or is pending for the property, the  
19 administrator has made direct contact with the apparent  
20 owner of the property, and in other instances where the  
21 administrator reasonably believes exclusion of the  
22 property is in the best interests of both the State and the  
23 owner of the property.

24 (d) The website or database maintained under subsection  
25 (c) (2) must include instructions for filing with the  
26 administrator a claim to property and a printable claim form

1 with instructions for its use.

2 (e) Tax return identification of apparent owners of  
3 abandoned property.

4 (1) At least annually the administrator shall notify  
5 the Department of Revenue of the names of persons appearing  
6 to be owners of abandoned property under this Section. The  
7 administrator shall also provide to the Department of  
8 Revenue the social security numbers of the persons, if  
9 available.

10 (2) The Department of Revenue shall notify the  
11 administrator if any person under subsection (e)(1) has  
12 filed an Illinois income tax return and shall provide the  
13 administrator with the last known address of the person as  
14 it appears in Department of Revenue records, except as  
15 prohibited by federal law. The Department of Revenue may  
16 also provide additional addresses for the same taxpayer  
17 from the records of the Department, except as prohibited by  
18 federal law.

19 (3) In order to facilitate the return of property under  
20 this subsection, the administrator and the Department of  
21 Revenue may enter into an interagency agreement concerning  
22 protection of confidential information, data match rules,  
23 and other issues.

24 (4) The administrator may deliver, as provided under  
25 Section 15-904 of this Act, property or pay the amount  
26 owing to a person matched under this Section without the

1 person filing a claim under Section 15-903 of this Act if  
2 the following conditions are met:

3 (A) the value of the property that is owed the  
4 person is \$2,000 or less;

5 (B) the property is not either tangible property or  
6 securities;

7 (C) the last known address for the person according  
8 to the Department of Revenue records is less than 12  
9 months old; and

10 (D) the administrator has evidence sufficient to  
11 establish that the person who appears in Department of  
12 Revenue records is the owner of the property and the  
13 owner currently resides at the last known address from  
14 the Department of Revenue.

15 (5) If the value of the property that is owed the  
16 person is greater than \$2,000, or is tangible property or  
17 securities the administrator shall provide notice to the  
18 person, informing the person that he or she is the owner of  
19 abandoned property held by the State and may file a claim  
20 with the administrator for return of the property.

21 (f) The administrator may use additional databases to  
22 verify the identity of the person and that the person currently  
23 resides at the last known address. The administrator may  
24 utilize publicly and commercially available databases to find  
25 and update or add information for apparent owners of property  
26 held by the administrator.

1 (g) In addition to giving notice under subsection (b),  
2 publishing the information under subsection (c)(1) and  
3 maintaining the website or database under subsection (c)(2),  
4 the administrator may use other printed publication,  
5 telecommunication, the Internet, or other media to inform the  
6 public of the existence of unclaimed property held by the  
7 administrator.

8 Section 15-504. Cooperation among State officers and  
9 agencies to locate apparent owner. Unless prohibited by law of  
10 this State other than this Act, on request of the  
11 administrator, each officer, agency, board, commission,  
12 division, and department of this State, any body politic and  
13 corporate created by this State for a public purpose, and each  
14 political subdivision of this State shall make its books and  
15 records available to the administrator and cooperate with the  
16 administrator to determine the current address of an apparent  
17 owner of property held by the administrator under this Act or  
18 to otherwise assist the administrator in the administration of  
19 this Act. The administrator may also enter into data sharing  
20 agreements to enable such other governmental agencies to  
21 provide an additional notice to apparent owners of property  
22 held by the administrator.

23 ARTICLE 6. TAKING CUSTODY OF PROPERTY BY ADMINISTRATOR



1 Section 15-601. Definition of good faith. In this Article,  
2 payment or delivery of property is made in good faith if a  
3 holder:

4 (1) had a reasonable basis for believing, based on the  
5 facts then known, that the property was required or  
6 permitted to be paid or delivered to the administrator  
7 under this Act; or

8 (2) made payment or delivery:

9 (A) in response to a demand by the administrator or  
10 administrator's agent; or

11 (B) under a guidance or ruling issued by the  
12 administrator which the holder reasonably believed  
13 required or permitted the property to be paid or  
14 delivered.

15 Section 15-602. Dormancy charge.

16 (a) A holder may deduct a dormancy charge from property  
17 required to be paid or delivered to the administrator if:

18 (1) a valid contract between the holder and the  
19 apparent owner authorizes imposition of the charge for the  
20 apparent owner's failure to claim the property within a  
21 specified time; and

22 (2) the holder regularly imposes the charge and  
23 regularly does not reverse or otherwise cancel the charge.

24 (b) The amount of the deduction under subsection (a) is  
25 limited to an amount that is not unconscionable considering all

1 relevant factors, including the marginal transactional costs  
2 incurred by the holder in maintaining the apparent owner's  
3 property and any services received by the apparent owner.

4 (c) A holder may not deduct an escheat fee or other charges  
5 imposed solely by virtue of property being reported as presumed  
6 abandoned.

7 Section 15-603. Payment or delivery of property to  
8 administrator.

9 (a) Except as otherwise provided in this Section, on filing  
10 a report under Section 15-401, the holder shall pay or deliver  
11 to the administrator the property described in the report.

12 (b) If property in a report under Section 15-401 is an  
13 automatically renewable deposit and a penalty or forfeiture in  
14 the payment of interest would result from paying the deposit to  
15 the administrator at the time of the report, the date for  
16 payment of the property to the administrator is extended until  
17 a penalty or forfeiture no longer would result from payment, if  
18 the holder informs the administrator of the extended date.

19 (c) Tangible property in a safe-deposit box may not be  
20 delivered to the administrator until a mutually agreed upon  
21 date that is no sooner than 60 days after filing the report  
22 under Section 15-401.

23 (d) If property reported to the administrator under Section  
24 15-401 is a security, the administrator may:

25 (1) make an endorsement, instruction, or entitlement

1 order on behalf of the apparent owner to invoke the duty of  
2 the issuer, its transfer agent, or the securities  
3 intermediary to transfer the security; or

4 (2) dispose of the security under Section 15-702.

5 (e) If the holder of property reported to the administrator  
6 under Section 15-401 is the issuer of a certificated security,  
7 the administrator may obtain a replacement certificate in  
8 physical or book-entry form under Section 8-405 of the Uniform  
9 Commercial Code. An indemnity bond is not required.

10 (f) The administrator shall establish procedures for the  
11 registration, issuance, method of delivery, transfer, and  
12 maintenance of securities delivered to the administrator by a  
13 holder.

14 (g) An issuer, holder, and transfer agent or other person  
15 acting in good faith under this Section under instructions of  
16 and on behalf of the issuer or holder is not liable to the  
17 apparent owner for a claim arising with respect to property  
18 after the property has been delivered to the administrator.

19 (h) A holder is not required to deliver to the  
20 administrator a security identified by the holder as a  
21 non-freely transferable security in a report filed under  
22 Section 15-401. If the administrator or holder determines that  
23 a security is no longer a non-freely transferable security, the  
24 holder shall report and deliver the security on the next  
25 regular date prescribed for delivery of securities under this  
26 Act. The holder shall make a determination annually whether a

1 security identified in a report filed under Section 15-401 as a  
2 non-freely transferable security is no longer a non-freely  
3 transferable security.

4 Section 15-604. Effect of payment or delivery of property  
5 to administrator.

6 (a) On payment or delivery of property to the administrator  
7 under this Act, the administrator as agent for the State  
8 assumes custody and responsibility for safekeeping the  
9 property. A holder that pays or delivers property to the  
10 administrator in good faith and substantially complies with  
11 Sections 15-501 and 15-502 is relieved of all liability which  
12 thereafter may arise or be made in respect to the property to  
13 the extent of the value of the property so paid or delivered.

14 (b) If legal proceedings are instituted by any other state  
15 or states in any state or federal court with respect to  
16 unclaimed funds or abandoned property previously paid or  
17 delivered to the administrator, the holder shall give written  
18 notification to the administrator and the Attorney General of  
19 this State of such proceedings within 10 days after service of  
20 process, or in the alternative at least 10 days before the  
21 return date or date on which an answer or similar pleading is  
22 due (or any extension thereof secured by the holder). The  
23 Attorney General may take such action as he or she deems  
24 necessary or expedient to protect the interests of this State.  
25 The Attorney General by written notice prior to the return date

1 or date on which an answer or similar pleading is due (or any  
2 extension thereof secured by the holder), but in any event in  
3 reasonably sufficient time for the holder to comply with the  
4 directions received, shall either direct the holder actively to  
5 defend in such proceedings or that no defense need be entered  
6 in such proceedings. If a direction is received from the  
7 Attorney General that the holder need not make a defense, such  
8 shall not preclude the holder from entering a defense in its  
9 own name if it should so choose. However, any defense made by  
10 the holder on its own initiative shall not entitle the holder  
11 to reimbursement for legal fees, costs and other expenses as is  
12 hereinafter provided in respect to defenses made pursuant to  
13 the directions of the Attorney General. If, after the holder  
14 has actively defended in such proceedings pursuant to a  
15 direction of the Attorney General, or has been notified in  
16 writing by the Attorney General that no defense need be made  
17 with respect to such funds, a judgment is entered against the  
18 holder for any amount paid to the administrator under this Act,  
19 the administrator shall, upon being furnished with proof of  
20 payment in satisfaction of such judgment, reimburse the holder  
21 the amount so paid. The administrator shall also reimburse the  
22 holder for any legal fees, costs and other directly related  
23 expenses incurred in legal proceedings undertaken pursuant to  
24 the direction of the Attorney General.

25 Section 15-605. Recovery of property by holder from

1 administrator.

2 (a) A holder that under this Act pays money to the  
3 administrator may file a claim for reimbursement from the  
4 administrator of the amount paid if the holder:

5 (1) paid the money in error; or

6 (2) after paying the money to the administrator, paid  
7 money to a person the holder reasonably believed entitled  
8 to the money.

9 (b) If a claim for reimbursement under subsection (a) is  
10 made for a payment made on a negotiable instrument, including a  
11 traveler's check, money order, or similar instrument, the  
12 holder must submit proof that the instrument was presented and  
13 payment was made to a person the holder reasonably believed  
14 entitled to payment. The holder may claim reimbursement even if  
15 the payment was made to a person whose claim was made after  
16 expiration of a period of limitation on the owner's right to  
17 receive or recover property, whether specified by contract,  
18 statute, or court order.

19 (c) If a holder is reimbursed by the administrator under  
20 subsection (a)(2), the holder may also recover from the  
21 administrator income or gain under Section 15-607 that would  
22 have been paid to the owner if the money had been claimed from  
23 the administrator by the owner to the extent the income or gain  
24 was paid by the holder to the owner.

25 (d) A holder that under this Act delivers property other  
26 than money to the administrator may file a claim for return of

1 the property from the administrator if:

2 (1) the holder delivered the property in error; or

3 (2) the apparent owner has claimed the property from  
4 the holder.

5 (e) If a claim for return of property under subsection (d)  
6 is made, the holder shall include with the claim evidence  
7 sufficient to establish that the apparent owner has claimed the  
8 property from the holder or that the property was delivered by  
9 the holder to the administrator in error.

10 (f) The administrator may determine that an affidavit  
11 submitted by a holder is evidence sufficient to establish that  
12 the holder is entitled to reimbursement or to recover property  
13 under this Section.

14 (g) A holder is not required to pay a fee or other charge  
15 for reimbursement or return of property under this Section.

16 (h) Unless extended for reasonable cause, not later than 90  
17 days after a holder's claim is complete the administrator shall  
18 allow or deny the claim and give the holder notice in a record  
19 of the decision. If a holder fails to provide all the  
20 information and documentation requested by the administrator  
21 as necessary to establish legal ownership of the property and  
22 the claim is inactive for at least 90 days, then the  
23 administrator may close the claim without issuing a final  
24 decision. However, if the claimant makes a request in writing  
25 for a final decision prior to the administrator's closing of  
26 the claim, the administrator shall issue a final decision. A

1 claim will be considered complete when a holder has provided  
2 all the information and documentation requested by the  
3 administrator as necessary to establish legal ownership and  
4 such information or documentation is entered into the  
5 administrator's unclaimed property system.

6 (i) The claimant may initiate a proceeding under the  
7 Illinois Administrative Procedure Act for review of the  
8 administrator's decision or the deemed denial under subsection  
9 (h) not later than:

10 (1) 30 days following receipt of the notice of the  
11 administrator's decision; or

12 (2) 120 days following the filing of a claim under  
13 subsection (a) or (d) in the case of a deemed denial under  
14 subsection (h).

15 Section 15-606. Property removed from safe-deposit box.  
16 Property removed from a safe-deposit box and delivered under  
17 this Act to the administrator under this Act is subject to the  
18 holder's right to reimbursement for the cost of opening the box  
19 and a lien or contract providing reimbursement to the holder  
20 for unpaid rent charges for the box. Upon application by the  
21 holder, after the sale of the property, and after deducting the  
22 expense incurred by the administrator in selling the property,  
23 the administrator shall reimburse the holder from the proceeds  
24 remaining. The administrator shall promulgate administrative  
25 rules concerning the reimbursement process under this Section.



1           Section 15-607. Crediting income or gain to owner's  
2 account. If property other than money is delivered to the  
3 administrator, the owner is entitled to receive from the  
4 administrator income or gain realized or accrued on the  
5 property before the property is sold. Interest on money is not  
6 payable to an owner for periods where the property is in the  
7 possession of the administrator.

8           Section 15-608. Administrator's options as to custody.

9           (a) The administrator may decline to take custody of  
10 property reported under Section 15-401 if the administrator  
11 determines that:

12                 (1) the property has a value less than the estimated  
13 expenses of notice and sale of the property; or

14                 (2) taking custody of the property would be unlawful.

15           (b) A holder may pay or deliver property to the  
16 administrator before the property is presumed abandoned under  
17 this Act if the holder:

18                 (1) provides the apparent owner of the property any  
19 notice required by Section 15-501 and provides the  
20 administrator evidence of the holder's compliance with  
21 this paragraph;

22                 (2) includes with the payment or delivery a report  
23 regarding the property conforming to Section 15-402; and

24                 (3) first obtains the administrator's consent in a

1 record to accept payment or delivery.

2 (c) A holder's request for the administrator's consent  
3 under subsection (b)(3) must be in a record. If the  
4 administrator fails to respond to the request not later than 30  
5 days after receipt of the request, the administrator is deemed  
6 to consent to the payment or delivery of the property and the  
7 payment or delivery is considered to have been made in good  
8 faith.

9 (d) On payment or delivery of property under subsection  
10 (b), the property is presumed abandoned.

11 Section 15-609. Disposition of property having no  
12 substantial value; immunity from liability.

13 (a) If the administrator takes custody of property  
14 delivered under this Act and later determines that the property  
15 has no substantial commercial value or that the cost of  
16 disposing of the property will exceed the value of the  
17 property, the administrator may return the property to the  
18 holder or destroy or otherwise dispose of the property.

19 (b) An action or proceeding may not be commenced against  
20 the State, an agency of the State, the administrator, another  
21 officer, employee, or agent of the State, or a holder for or  
22 because of an act of the administrator under this Section,  
23 except for intentional misconduct or malfeasance.

24 Section 15-610. Periods of limitation and repose.

1           (a) Expiration, before, on, or after the effective date of  
2 this Act, of a period of limitation on an owner's right to  
3 receive or recover property, whether specified by contract,  
4 statute, or court order, does not prevent the property from  
5 being presumed abandoned or affect the duty of a holder under  
6 this Act to file a report or pay or deliver property to the  
7 administrator.

8           (b) An action or proceeding may not be maintained by the  
9 administrator to enforce this Act in regard to the reporting,  
10 delivery, or payment of property more than 10 years after the  
11 holder specifically identified the property in a report filed  
12 with the administrator or gave express notice to the  
13 administrator of a dispute regarding the property. In the  
14 absence of such a report or other express notice, the period of  
15 limitation is tolled. The period of limitation is also tolled  
16 by the filing of a report that is fraudulent.

17                   ARTICLE 7. SALE OF PROPERTY BY ADMINISTRATOR

18           Section 15-701. Public sale of property.

19           (a) Subject to Section 15-702, not earlier than 3 years  
20 after receipt of property presumed abandoned, the  
21 administrator may sell the property.

22           (b) Before selling property under subsection (a), the  
23 administrator shall give notice to the public of:

24                   (1) the date of the sale; and

1           (2) a reasonable description of the property.

2           (c) A sale under subsection (a) must be to the highest  
3 bidder:

4           (1) at public sale at a location in this State which  
5 the administrator determines to be the most favorable  
6 market for the property;

7           (2) on the Internet; or

8           (3) on another forum the administrator determines is  
9 likely to yield the highest net proceeds of sale.

10          (d) The administrator may decline the highest bid at a sale  
11 under this Section and reoffer the property for sale if the  
12 administrator determines the highest bid is insufficient.

13          (e) If a sale held under this Section is to be conducted  
14 other than on the Internet, the administrator must cause to be  
15 published at least one notice of the sale, at least 2 weeks but  
16 not more than 5 weeks before the sale, in a newspaper of  
17 general circulation in the county in which the property is to  
18 be sold. For purposes of this subsection, the reasonable  
19 description of property to be sold required by subsection (b)  
20 above may be satisfied by posting such information on the  
21 administrator's website so long as the newspaper notice  
22 includes the website address where such information is posted.

23          (f) Property eligible for sale will not be sold when a  
24 claim has been filed with the administrator by an apparent  
25 owner, heir, or agent. However, upon approval of a claim, the  
26 owner, heir or, agent may request the administrator to dispose

1 of the property by sale and remit the net proceeds to the  
2 owner, heir, or agent. Upon disapproval of the claim, the  
3 administrator may dispose of the property by sale.

4 Section 15-702. Disposal of securities.

5 (a) The administrator may not sell or otherwise liquidate a  
6 security until 3 years after the administrator receives the  
7 security and gives the apparent owner notice under Section  
8 15-503 that the administrator holds the security unless the  
9 administrator determines it would be in the best interests of  
10 the owner for the sale to occur prior to the expiration of the  
11 3-year period after the administrator receives the security and  
12 gives the apparent owner notice under Section 15-503. The  
13 administrator shall by administrative rule provide examples of  
14 situations where it would be in the best interests of the owner  
15 for the sale to occur prior to the expiration of the 3-year  
16 period.

17 (b) The administrator may not sell a security listed on an  
18 established stock exchange for less than the price prevailing  
19 on the exchange at the time of sale. The administrator may sell  
20 a security not listed on an established exchange by any  
21 commercially reasonable method.

22 Section 15-703. Recovery of securities or value by owner.

23 (a) If the administrator sells a security before the  
24 expiration of 3 years after delivery of the security to the

1 administrator, an apparent owner that files a valid claim under  
2 this Act of ownership of the security before the 3-year period  
3 expires is entitled, at the option of the owner, to receive:

4 (1) replacement of the security;

5 (2) the market value of the security at the time the  
6 claim is filed, plus dividends, interest, and other  
7 increments on the security up to the time the claim is  
8 paid; or

9 (3) the net proceeds of the sale of the security, plus  
10 dividends, interest, and other increments on the security  
11 up to the time the security was sold.

12 (b) Replacement of the security or calculation of market  
13 value under subsection (a) must take into account a stock  
14 split, reverse stock split, stock dividend, or similar  
15 corporate action.

16 (c) A person that makes a valid claim under this Act of  
17 ownership of a security after expiration of 3 years after  
18 delivery of the security to the administrator is entitled to  
19 receive:

20 (1) the security the holder delivered to the  
21 administrator, if it is in the custody of the  
22 administrator, plus dividends, interest, and other  
23 increments on the security up to the time the administrator  
24 delivers the security to the person; or

25 (2) the net proceeds of the sale of the security, plus  
26 dividends, interest, and other increments on the security

1 up to the time the security was sold.

2 (d) Securities eligible for sale will not be sold when a  
3 claim has been filed with the administrator by an apparent  
4 owner, heir, or agent. However, upon approval of a claim, the  
5 owner, heir or, agent may request the administrator to dispose  
6 of the securities by sale and remit the net proceeds to the  
7 owner, heir, or agent. Upon disapproval of the claim, the  
8 administrator may dispose of the securities by sale.

9 Section 15-704. Purchaser owns property after sale. A  
10 purchaser of property at a sale conducted by the administrator  
11 under this Act takes the property free of all claims of the  
12 owner, a previous holder, or a person claiming through the  
13 owner or holder. The administrator shall execute documents  
14 necessary to complete the transfer of ownership to the  
15 purchaser.

16 Section 15-705. Exceptions to the sale of tangible  
17 property. The administrator shall dispose of tangible property  
18 identified by this Section in accordance with this Section.

19 (a) Military medals or decorations. The administrator may  
20 not sell a medal or decoration awarded for military service in  
21 the armed forces of the United States. Instead, the  
22 administrator, with the consent of the respective organization  
23 under paragraph (1), agency under paragraph (2), or entity  
24 under paragraph (3), may deliver a medal or decoration to be

1 held in custody for the owner, to:

2 (1) a military veterans organization qualified under  
3 Section 501(c)(19) of the Internal Revenue Code;

4 (2) the agency that awarded the medal or decoration; or

5 (3) a governmental entity.

6 After delivery, the administrator is not responsible for  
7 the safekeeping of the medal or decoration.

8 (b) Property with historical value. Property that the  
9 administrator reasonably believes may have historical value  
10 may be, at his or her discretion, loaned to an accredited  
11 museum in the United States where it will be kept until such  
12 time as the administrator orders it to be returned to his or  
13 her custody.

14 (c) Human remains. If human remains are delivered to the  
15 administrator under this Act, the administrator shall deliver  
16 those human remains to the coroner of the county in which the  
17 human remains were abandoned for disposition under Section  
18 3-3034 of the Counties Code. The only human remains that may be  
19 delivered to the administrator under this Act and that the  
20 administrator may receive are those that are reported and  
21 delivered as contents of a safe deposit box.

22 (d) Evidence in a criminal investigation. Property that may  
23 have been used in the commission of a crime or that may assist  
24 in the investigation of a crime, as determined after consulting  
25 with the Department of State Police, shall be delivered to the  
26 Department of State Police or other appropriate law enforcement



1 authority to allow law enforcement to determine whether a  
2 criminal investigation should take place. Any such property  
3 delivered to a law enforcement authority shall be held in  
4 accordance with existing statutes and rules related to the  
5 gathering, retention, and release of evidence.

6 (e) Firearms.

7 (1) The administrator, in cooperation with the  
8 Department of State Police, shall develop a procedure to  
9 determine whether a firearm delivered to the administrator  
10 under this Act has been stolen or used in the commission of  
11 a crime. The Department of State Police shall determine the  
12 appropriate disposition of a firearm that has been stolen  
13 or used in the commission of a crime. The administrator  
14 shall attempt to return a firearm that has not been stolen  
15 or used in the commission of a crime to the rightful owner  
16 if the Department of State Police determines that the owner  
17 may lawfully possess the firearm.

18 (2) If the administrator is unable to return a firearm  
19 to its owner, the administrator shall transfer custody of  
20 the firearm to the Department of State Police. Legal title  
21 to a firearm transferred to the Department of State Police  
22 under this subsection (e) is vested in the Department of  
23 State Police by operation of law if:

24 (i) the administrator cannot locate the owner of  
25 the firearm;

26 (ii) the owner of the firearm may not lawfully

1 possess the firearm;

2 (iii) the apparent owner does not respond to notice  
3 published under Section 15-503 of this Act; or

4 (iv) the apparent owner responds to notice  
5 published under Section 15-502 and states that he or  
6 she no longer claims an interest in the firearm.

7 (3) With respect to a firearm whose title is  
8 transferred to the Department of State Police under this  
9 subsection (e), the Department of State Police may:

10 (i) retain the firearm for use by the crime  
11 laboratory system, for training purposes, or for  
12 any other application as deemed appropriate by the  
13 Department;

14 (ii) transfer the firearm to the Illinois  
15 State Museum if the firearm has historical value;  
16 or

17 (iii) destroy the firearm if it is not retained  
18 pursuant to subparagraph (i) or transferred  
19 pursuant to subparagraph (ii).

20 As used in this subsection, "firearm" has the meaning  
21 provided in the Firearm Owners Identification Card Act.

22 ARTICLE 8. ADMINISTRATION OF PROPERTY

23 Section 15-801. Deposit of funds by administrator.

24 (a) Except as otherwise provided in this Section, the

1 administrator shall deposit in the Unclaimed Property Trust  
2 Fund all funds received under this Act, including proceeds from  
3 the sale of property under Article 7. The administrator may  
4 deposit any amount in the Unclaimed Property Trust Fund into  
5 the State Pensions Fund during the fiscal year at his or her  
6 discretion; however, he or she shall, on April 15 and October  
7 15 of each year, deposit any amount in the Unclaimed Property  
8 Trust Fund exceeding \$2,500,000 into the State Pensions Fund.  
9 If on either April 15 or October 15, the administrator  
10 determines that a balance of \$2,500,000 is insufficient for the  
11 prompt payment of unclaimed property claims authorized under  
12 this Act, the administrator may retain more than \$2,500,000 in  
13 the Unclaimed Property Trust Fund in order to ensure the prompt  
14 payment of claims. Beginning in State fiscal year 2018, all  
15 amounts that are deposited into the State Pensions Fund from  
16 the Unclaimed Property Trust Fund shall be apportioned to the  
17 designated retirement systems as provided in subsection (c-6)  
18 of Section 8.12 of the State Finance Act to reduce their  
19 actuarial reserve deficiencies.

20 (b) The administrator shall make prompt payment of claims  
21 he or she duly allows as provided for in this Act from the  
22 Unclaimed Property Trust Fund. This shall constitute an  
23 irrevocable and continuing appropriation of all amounts in the  
24 Unclaimed Property Trust Fund necessary to make prompt payment  
25 of claims duly allowed by the administrator pursuant to this  
26 Act.

1           Section 15-802. Administrator to retain records of  
2 property. The administrator shall:

3           (1) record and retain the name and last-known address  
4 of each person shown on a report filed under Section 15-401  
5 to be the apparent owner of property delivered to the  
6 administrator;

7           (2) record and retain the name and last-known address  
8 of each insured or annuitant and beneficiary shown on the  
9 report;

10           (3) for each policy of insurance or annuity contract  
11 listed in the report of an insurance company, record and  
12 retain the policy or account number, the name of the  
13 company, and the amount due or paid shown on the report;

14           (4) for each apparent owner listed in the report,  
15 record and retain the name of the holder that filed the  
16 report and the amount due or paid; and

17           (5) maintain records sufficient to indicate the filing  
18 of reports required under Section 15-401 and the payment or  
19 delivery of property to the administrator under Section  
20 15-603.

21           Records created or maintained pursuant to this Section are  
22 subject to the requirements of the Illinois State Records Act.

23           Section 15-803. Expenses and service charges of  
24 administrator. Before making a deposit of funds received under

1 this Act to the Unclaimed Property Trust Fund, the  
2 administrator may deduct expenses incurred in examining  
3 records of or collecting property from a putative holder or  
4 holder as provided in the State Officers and Employees Money  
5 Disposition Act.

6 Section 15-804. Administrator holds property as custodian  
7 for owner. Upon the payment or delivery of abandoned property  
8 to the administrator, the State shall assume custody and shall  
9 be responsible for the safekeeping thereof.

10 ARTICLE 9. CLAIM TO RECOVER PROPERTY FROM ADMINISTRATOR

11 Section 15-901. Claim of another state to recover property.

12 (a) If the administrator knows that property held by the  
13 administrator under this Act is subject to a superior claim of  
14 another state, the administrator shall:

15 (1) report and pay or deliver the property to the other  
16 state; or

17 (2) return the property to the holder so that the  
18 holder may pay or deliver the property to the other state.

19 (b) The administrator is not required to enter into an  
20 agreement to transfer property to the other state under  
21 subsection (a).

22 Section 15-902. Property subject to recovery by another

1 state.

2 (a) Property held under this Act by the administrator is  
3 subject to the right of another state to take custody of the  
4 property if:

5 (1) the property was paid or delivered to the  
6 administrator because the records of the holder did not  
7 reflect a last-known address in the other state of the  
8 apparent owner and:

9 (A) the other state establishes that the  
10 last-known address of the apparent owner or other  
11 person entitled to the property was in the other state;  
12 or

13 (B) under the law of the other state, the property  
14 has become subject to a claim by the other state of  
15 abandonment;

16 (2) the records of the holder did not accurately  
17 identify the owner of the property, the last-known address  
18 of the owner was in another state, and, under the law of  
19 the other state, the property has become subject to a claim  
20 by the other state of abandonment;

21 (3) the property was subject to the custody of the  
22 administrator of this State under Section 15-305 and, under  
23 the law of the state of domicile of the holder, the  
24 property has become subject to a claim by the state of  
25 domicile of the holder of abandonment; or

26 (4) the property:

1 (A) is a sum payable on a traveler's check, money  
2 order, or similar instrument that was purchased in the  
3 other state and delivered to the administrator under  
4 Section 15-306; and

5 (B) under the law of the other state, has become  
6 subject to a claim by the other state of abandonment.

7 (b) A claim by another state to recover property under this  
8 Section must be presented in a form prescribed by the  
9 administrator, unless the administrator waives presentation of  
10 the form.

11 (c) The administrator shall decide a claim under this  
12 Section not later than 90 days after it is presented. If the  
13 administrator determines that the other state is entitled under  
14 subsection (a) to custody of the property, the administrator  
15 shall allow the claim and pay or deliver the property to the  
16 other state.

17 (d) The administrator may require another state, before  
18 recovering property under this Section, to agree to indemnify  
19 this State and its agents, officers and employees against any  
20 liability on a claim to the property.

21 Section 15-903. Claim for property by person claiming to be  
22 owner.

23 (a) A person claiming to be the owner of property held  
24 under this Act by the administrator or to the proceeds from the  
25 sale thereof may file a claim for the property on a form

1 prescribed by the administrator. The claimant must verify the  
2 claim as to its completeness and accuracy.

3 (b) The administrator may waive the requirement in  
4 subsection (a) and may pay or deliver property directly to a  
5 person if:

6 (1) the person receiving the property or payment is  
7 shown to be the apparent owner included on a report filed  
8 under Section 15-401;

9 (2) the administrator reasonably believes the person  
10 is entitled to receive the property or payment; and

11 (3) the property has a value of less than \$500.

12 (c) The administrator may change the maximum value in  
13 subsection (b) by administrative rule.

14 Section 15-904. When administrator must honor claim for  
15 property.

16 (a) The administrator shall pay or deliver property to a  
17 claimant under subsection (a) of Section 15-903 if the  
18 administrator receives evidence sufficient to establish to the  
19 satisfaction of the administrator that the claimant is the  
20 owner of the property.

21 (b) A claim will be considered complete when a claimant has  
22 provided all the information and documentation requested by the  
23 administrator as necessary to establish legal ownership and  
24 such information or documentation is entered into the  
25 administrator's unclaimed property system. Unless extended for



1 reasonable cause, not later than 90 days after a claim is  
2 complete the administrator shall allow or deny the claim and  
3 give the claimant notice in a record of the decision. If a  
4 claimant fails to provide all the information and documentation  
5 requested by the administrator as necessary to establish legal  
6 ownership of the property and the claim is inactive for at  
7 least 90 days, then the administrator may close the claim  
8 without issuing a final decision. However, if the claimant  
9 makes a request in writing for a final decision prior to the  
10 administrator's closing of the claim, the administrator shall  
11 issue a final decision.

12 (c) If the claim is denied or there is insufficient  
13 evidence to allow the claim under subsection (b):

14 (1) the administrator shall inform the claimant of the  
15 reason for the denial and may specify what additional  
16 evidence, if any, is required for the claim to be allowed;

17 (2) the claimant may file an amended claim with the  
18 administrator or commence an action under Section 15-906;  
19 and

20 (3) the administrator shall consider an amended claim  
21 filed under paragraph (2) as an initial claim.

22 Section 15-905. Allowance of claim for property.

23 (a) The administrator shall pay or deliver to the owner the  
24 property or pay to the owner the net proceeds of a sale of the  
25 property, together with income or gain to which the owner is

1 entitled under Section 15-607. On request of the owner, the  
2 administrator may sell or liquidate property and pay the net  
3 proceeds to the owner, even if the property had been held by  
4 the administrator for less than 3 years or the administrator  
5 has not complied with the notice requirements under Section  
6 15-503.

7 (b) Property held under this Act by the administrator is  
8 subject to offset under Section 10.05 of the State Comptroller  
9 Act.

10 Section 15-906. Action by person whose claim is denied. Not  
11 later than one year after filing a claim under subsection (a)  
12 of Section 15-903, the claimant may commence a contested case  
13 pursuant to the Illinois Administrative Procedure Act to  
14 establish a claim by the preponderance of the evidence after  
15 either receiving notice under subsection (b) of Section 15-903  
16 or the claim is deemed denied under subsection (d) of Section  
17 15-903.

18 ARTICLE 10. VERIFIED REPORT OF PROPERTY; EXAMINATION OF RECORDS

19 Section 15-1001. Verified report of property. If a person  
20 does not file a report required by Section 15-401 or the  
21 administrator believes that a person may have filed an  
22 inaccurate, incomplete, or false report, the administrator may  
23 require the person to file a verified report in a form

1 prescribed by the administrator. The verified report must:

2 (1) state whether the person is holding property  
3 reportable under this Act;

4 (2) describe property not previously reported or about  
5 which the administrator has inquired;

6 (3) specifically identify property described under  
7 paragraph (2) about which there is a dispute whether it is  
8 reportable under this Act; and

9 (4) state the amount or value of the property.

10 Section 15-1002. Examination of records to determine  
11 compliance. The administrator, at reasonable times and on  
12 reasonable notice, may:

13 (1) examine the records of any person to determine  
14 whether the person has complied with this Act even if the  
15 person believes it is not in possession of any property  
16 that must be reported, paid, or delivered under this Act;

17 (2) issue an administrative subpoena requiring the  
18 person or agent of the person to make records available for  
19 examination; and

20 (3) bring an action seeking judicial enforcement of the  
21 subpoena.

22 Section 15-1002.1. Examination of State-regulated  
23 financial institutions.

24 (a) Notwithstanding Section 15-1002 of this Act, for any

1 financial organization for which the Department of Financial  
2 and Professional Regulation is the primary prudential  
3 regulator, the administrator shall not examine such financial  
4 institution unless the administrator has consulted with the  
5 Secretary of Financial and Professional Regulation and the  
6 Department of Financial and Professional Regulation has not  
7 examined such financial organization for compliance with this  
8 Act within the past 5 years. The Secretary of Financial and  
9 Professional Regulation may waive in writing the provisions of  
10 this subsection (a) in order to permit the administrator to  
11 examine a financial organization or group of financial  
12 organizations for compliance with this Act.

13 (b) Nothing in this Section shall be construed to prohibit  
14 the administrator from examining a financial organization for  
15 which the Department of Financial and Professional Regulation  
16 is not the primary prudential regulator. Further, nothing in  
17 this Act shall be construed to limit the authority of the  
18 Department of Financial and Professional Regulation to examine  
19 financial organizations.

20 Section 15-1003. Rules for conducting examination.

21 (a) The administrator shall adopt rules governing  
22 procedures and standards for an examination under Section  
23 15-1002; the rules may reference any standards concerning  
24 unclaimed property examinations promulgated by the National  
25 Association of Unclaimed Property Administrators and shall

1 make provisions for multi-state examinations.

2 (b) After the adoption of rules under subsection (a), an  
3 examination under Section 15-1002 must be performed under the  
4 rules adopted under subsection (a).

5 (c) If a person subject to examination under Section  
6 15-1002 has filed the reports required under Section 15-401 and  
7 Section 15-1001 and has retained the records required by  
8 Section 15-404, the following rules apply:

9 (1) The examination must include a review of the  
10 person's records.

11 (2) The examination may not be based on an estimate  
12 unless the person expressly consents in a record to the use  
13 of an estimate.

14 (3) The person conducting the examination shall  
15 consider the evidence presented in good faith by the person  
16 in preparing the findings of the examination under Section  
17 15-1007.

18 Section 15-1004. Records obtained in examination. Records  
19 obtained and records, including work papers, compiled by the  
20 administrator in the course of conducting an examination under  
21 Section 15-1002:

22 (1) are subject to the confidentiality and security  
23 provisions of Article 14 and are exempt from disclosure  
24 under the Freedom of Information Act;

25 (2) may be used by the administrator in an action to

1 collect property or otherwise enforce this Act;

2 (3) may be used in a joint examination conducted with  
3 another state, the United States, a foreign country or  
4 subordinate unit of a foreign country, or any other  
5 governmental entity if the governmental entity conducting  
6 the examination is legally bound to maintain the  
7 confidentiality and security of information obtained from  
8 a person subject to examination in a manner substantially  
9 equivalent to Article 14;

10 (4) may be disclosed, on request, to the person that  
11 administers the unclaimed property law of another state for  
12 that state's use in circumstances equivalent to  
13 circumstances described in this Article, if the other state  
14 is required to maintain the confidentiality and security of  
15 information obtained in a manner substantially equivalent  
16 to Article 14;

17 (5) must be produced by the administrator under an  
18 administrative or judicial subpoena or administrative or  
19 court order; and

20 (6) must be produced by the administrator on request of  
21 the person subject to the examination in an administrative  
22 or judicial proceeding relating to the property.

23 Section 15-1005. Evidence of unpaid debt or undischarged  
24 obligation.

25 (a) A record of a putative holder showing an unpaid debt or

1     undischarged obligation is prima facie evidence of the debt or  
2     obligation.

3           (b) A putative holder may establish by a preponderance of  
4     the evidence that there is no unpaid debt or undischarged  
5     obligation for a debt or obligation described in subsection (a)  
6     or that the debt or obligation was not, or no longer is, a  
7     fixed and certain obligation of the putative holder.

8           (c) A putative holder may overcome prima facie evidence  
9     under subsection (a) by establishing by a preponderance of the  
10    evidence that a check, draft, or similar instrument was:

11           (1) issued as an unaccepted offer in settlement of an  
12    unliquidated amount;

13           (2) issued but later was replaced with another  
14    instrument because the earlier instrument was lost or  
15    contained an error that was corrected;

16           (3) issued to a party affiliated with the issuer;

17           (4) paid, satisfied, or discharged;

18           (5) issued in error;

19           (6) issued without consideration;

20           (7) issued but there was a failure of consideration;

21           (8) voided not later than 90 days after issuance for a  
22    valid business reason set forth in a contemporaneous  
23    record; or

24           (9) issued but not delivered to the third-party payee  
25    for a sufficient reason recorded within a reasonable time  
26    after issuance.

1           (d) In asserting a defense under this Section, and subject  
2 to the records retention requirements of Section 15-404, a  
3 putative holder may present evidence of a course of dealing  
4 between the putative holder and the apparent owner.

5           Section 15-1006. Failure of person examined to retain  
6 records. If a person subject to examination under Section  
7 15-1002 does not retain the records required by Section 15-404,  
8 the administrator may determine the value of property due using  
9 a reasonable method of estimation based on all information  
10 available to the administrator, including extrapolation and  
11 use of statistical sampling when appropriate and necessary,  
12 consistent with examination procedures and standards adopted  
13 under Section 15-1003. A payment made based on estimation under  
14 this Section is a penalty for failure to maintain the records  
15 required by Section 15-404 and does not relieve a person from  
16 an obligation to report and deliver property to a State in  
17 which the holder is domiciled.

18           Section 15-1007. Report to person whose records were  
19 examined. At the conclusion of an examination under Section  
20 15-1002, unless waived in writing by the person being examined,  
21 the administrator shall provide to the person whose records  
22 were examined a report that specifies:

- 23                   (1) the work performed;  
24                   (2) the property types reviewed;



1           (3) the methodology of any estimation technique,  
2           extrapolation, or statistical sampling used in conducting  
3           the examination;

4           (4) each calculation showing the value of property  
5           determined to be due; and

6           (5) the findings of the person conducting the  
7           examination.

8           Section 15-1008. Informal conference during examination.

9           (a) If a person subject to examination under Section  
10          15-1002 believes the person conducting the examination has made  
11          an unreasonable or unauthorized request or is not proceeding  
12          expeditiously to complete the examination, the person in a  
13          record may request an informal conference with the  
14          administrator.

15          (b) If a person in a record requests an informal conference  
16          with the administrator, the administrator shall hold the  
17          informal conference not later than 30 days after receiving the  
18          request. For good cause, and after notice in a record to the  
19          person requesting an informal conference, the administrator  
20          may extend the time for the holding of an informal conference.  
21          The administrator may hold the informal conference in person,  
22          by telephone, or by electronic means.

23          (c) If an informal conference is held under subsection (b),  
24          not later than 30 days after the conference ends, the  
25          administrator shall provide a response to the person that

1 requested the conference.

2 (d) The administrator may deny a request for an informal  
3 conference under this Section if the administrator reasonably  
4 believes that the request was made in bad faith or primarily to  
5 delay the examination. If the administrator denies a request  
6 for an informal conference the denial shall be in a record  
7 provided to the person requesting the informal conference.

8 Section 15-1009. Administrator's contract with another to  
9 conduct examination.

10 (a) The administrator may contract with a person to conduct  
11 an examination under this Article. The contract shall be  
12 awarded pursuant to a request for proposals issued in  
13 compliance with the procurement rules of the administrator.

14 (b) If the administrator contracts with a person under  
15 subsection (a):

16 (1) the contract may provide for compensation of the  
17 person based on a fixed fee, hourly fee, or contingent fee;

18 (2) a contingent fee arrangement may not provide for a  
19 payment that exceeds 15% of the amount or value of property  
20 paid or delivered as a result of the examination; and

21 (3) as authorized in the State Officers and Employees  
22 Money Disposition Act, the administrator may permit the  
23 deduction of fees from property recovered during an  
24 examination under this Article prior to depositing funds  
25 received under this Act into the Unclaimed Property Trust

1 Fund.

2 (c) A contract under subsection (a) is a public record  
3 under the Freedom of Information Act.

4 Section 15-1010. Report by administrator. As part of the  
5 report required by Section 15 of the State Treasurer Act, the  
6 administrator shall compile and include the following  
7 information about property presumed abandoned for the  
8 preceding fiscal year for the State:

9 (1) the total amount and value of all property paid or  
10 delivered under this Act to the administrator, separated  
11 into:

12 (A) the part voluntarily paid or delivered; and

13 (B) the part paid or delivered as a result of an  
14 examination under Section 15-1002;

15 (2) the total amount and value of all property paid or  
16 delivered by the administrator to persons that made claims  
17 for property held by the administrator under this Act;

18 (3) the amounts expended from the State Pensions Fund;  
19 and

20 (4) such other information as the administrator  
21 believes would be useful or informative.

22 Section 15-1011. Determination of liability for unreported  
23 reportable property. If the administrator determines from an  
24 examination conducted under Section 15-1002 that a putative

1 holder failed or refused to pay or deliver to the administrator  
2 property which is reportable under this Act, the administrator  
3 shall issue a determination of the putative holder's liability  
4 to pay or deliver and give notice in a record to the putative  
5 holder of the determination.

6 ARTICLE 11. DETERMINATION OF LIABILITY; PUTATIVE HOLDER

7 REMEDIES

8 Section 15-1101. Informal conference.

9 (a) Not later than 30 days after receipt of a notice under  
10 Section 15-1011, the putative holder may request an informal  
11 conference with the administrator to review the determination.  
12 Except as otherwise provided in this Section, the administrator  
13 may designate an employee to act on behalf of the  
14 administrator.

15 (b) If a putative holder makes a timely request under  
16 subsection (a) for an informal conference:

17 (1) not later than 30 days after the date of the  
18 request, the administrator shall set the time and place of  
19 the conference;

20 (2) the administrator shall give the putative holder  
21 notice in a record of the time and place of the conference;

22 (3) the conference may be held in person, by telephone,  
23 or by electronic means, as determined by the administrator;

24 (4) the request tolls the 90-day period under Sections

1 15-1103 and 15-1104 until notice of a decision under  
2 paragraph (7) has been given to the putative holder or the  
3 putative holder withdraws the request for the conference;

4 (5) the conference may be postponed, adjourned, and  
5 reconvened as the administrator determines appropriate;

6 (6) the administrator or administrator's designee with  
7 the approval of the administrator may modify a  
8 determination made under Section 15-1011 or withdraw it;  
9 and

10 (7) the administrator shall issue a decision in a  
11 record and provide a copy of the record to the putative  
12 holder and examiner not later than 30 days after the  
13 conference ends.

14 (c) A conference under subsection (b) is not an  
15 administrative remedy and is not a contested case subject to  
16 the Illinois Administrative Procedure Act. An oath is not  
17 required and rules of evidence do not apply in the conference.

18 (d) At a conference under subsection (b), the putative  
19 holder must be given an opportunity to confer informally with  
20 the administrator and the person that examined the records of  
21 the putative holder to:

22 (1) discuss the determination made under Section  
23 15-1011; and

24 (2) present any issue concerning the validity of the  
25 determination.

26 (e) If the administrator fails to act within the period

1 prescribed in subsection (b) (1) or (7), the failure does not  
2 affect a right of the administrator, except that interest does  
3 not accrue on the amount for which the putative holder was  
4 determined to be liable under Section 15-1011 during the period  
5 in which the administrator failed to act until the earlier of:

6 (1) the date under Section 15-1103 the putative holder  
7 initiates administrative review or files an action under  
8 Section 15-1104; or

9 (2) 90 days after the putative holder received notice  
10 of the administrator's determination under Section 15-1011  
11 if no review was initiated under Section 15-1103 and no  
12 action was filed under Section 15-1104.

13 (f) The administrator may hold an informal conference with  
14 a putative holder about a determination under Section 15-1011  
15 without a request at any time before the putative holder  
16 initiates administrative review under Section 15-1102.

17 (g) Interest and penalties under Section 15-1204 continue  
18 to accrue on property not reported, paid, or delivered as  
19 required by this Act after the initiation, and during the  
20 pendency, of an informal conference under this Section.

21 Section 15-1102. Administrative review.

22 (a) Not later than 90 days after receiving notice of the  
23 administrator's determination under Section 15-1011, or, if  
24 applicable and as provided in Section 15-1101(b) (4), after  
25 notice of a decision under 15-1101(b) (7) has been given to the

1 putative holder or the putative holder has withdrawn the  
2 request for an informal conference, a putative holder may  
3 initiate a contested case under the Illinois Administrative  
4 Procedure Act for review of the administrator's determination.

5 (b) A final decision in an administrative proceeding  
6 initiated under subsection (a) is subject to judicial review  
7 under the Article III of Code of Civil Procedure.

8 ARTICLE 12. ENFORCEMENT BY ADMINISTRATOR

9 Section 15-1201. Judicial action to enforce liability.

10 (a) If a determination under Section 15-1011 becomes final  
11 and is not subject to administrative or judicial review, the  
12 administrator may commence an action in the Circuit Court of  
13 Sangamon County or Cook County, federal court, or in an  
14 appropriate court of another state to enforce the determination  
15 and secure payment or delivery of past due, unpaid, or  
16 undelivered property. The action must be brought not later than  
17 5 years after the determination becomes final.

18 (b) In an action under subsection (a), if no court in this  
19 State has jurisdiction over the defendant, the administrator  
20 may commence an action in any court having jurisdiction over  
21 the defendant.

22 Section 15-1202. Interstate and international agreement;  
23 cooperation.

1 (a) Subject to subsection (b), the administrator may:

2 (1) exchange information with another state or foreign  
3 country relating to property presumed abandoned or  
4 relating to the possible existence of property presumed  
5 abandoned; and

6 (2) authorize in a record another state or foreign  
7 country or a person acting on behalf of the other state or  
8 country to examine its records of a putative holder as  
9 provided in Article 10.

10 (b) An exchange or examination under subsection (a) may be  
11 done only if the state or foreign country has confidentiality  
12 and security requirements substantially equivalent to those in  
13 Article 14 or agrees in a record to be bound by this State's  
14 confidentiality and security requirements.

15 Section 15-1203. Action involving another state or foreign  
16 country.

17 (a) The administrator may join another state or foreign  
18 country to examine and seek enforcement of this Act against a  
19 putative holder.

20 (b) On request of another state or foreign country, the  
21 Attorney General may commence an action on behalf of the other  
22 state or country to enforce, in this State, the law of the  
23 other state or country against a putative holder subject to a  
24 claim by the other state or country.

25 (c) The administrator may request the official authorized



1 to enforce the unclaimed property law of another state or  
2 foreign country to commence an action to recover property in  
3 the other state or country on behalf of the administrator. This  
4 state may pay the costs, including reasonable attorney's fees  
5 and expenses, incurred by the other state or foreign country in  
6 an action under this subsection.

7 (d) The administrator may pursue an action on behalf of  
8 this State to recover property subject to this Act but  
9 delivered to the custody of another state if the administrator  
10 believes the property is subject to the custody of the  
11 administrator.

12 (e) At the request of the administrator, the Attorney  
13 General may commence an action to recover property on behalf of  
14 the administrator in this State, another state, or a foreign  
15 country. With the written consent of the Attorney General, the  
16 administrator may retain an attorney in this State, another  
17 state, or a foreign country to recover property on behalf of  
18 the administrator in this State, another state, or a foreign  
19 country and may agree to pay attorney's fees based in whole or  
20 in part on a fixed fee, hourly fee, or a percentage of the  
21 amounts or value of property recovered in the action.

22 (f) Expenses incurred by this State in an action under this  
23 Section may be paid from property received under this Act or  
24 the net proceeds of the property. Expenses paid to recover  
25 property may not be deducted from the amount that is subject to  
26 a claim under this Act by the owner.

1           Section 15-1204. Interest and penalty for failure to act in  
2 timely manner.

3           (a) A holder that fails to report, pay, or deliver property  
4 within the time prescribed by this Act shall pay to the  
5 administrator interest at a rate of 1% per month on the  
6 property or value of the property from the date the property  
7 should have been reported, paid, or delivered to the  
8 administrator until the date reported, paid, or delivered.

9           (b) Except as otherwise provided in Section 15-1 or  
10 15-1206, the administrator may require a holder that fails to  
11 report, pay, or deliver property within the time prescribed by  
12 this Act to pay to the administrator, in addition to interest  
13 included under subsection (a), a civil penalty of \$200 for each  
14 day the duty is not performed, up to a cumulative maximum  
15 amount of \$5,000.

16           (c) A holder who fails to report, pay, or deliver property  
17 within the time prescribed by this Act shall not be required to  
18 pay interest under subsection (a) above or be subject to  
19 penalties under subsection (b) above if the failure to report,  
20 pay, or deliver the property was due to lack of knowledge of  
21 the death that established the period of abandonment under this  
22 Act.

23           Section 15-1205. Other civil penalties.

24           (a) If a holder enters into a contract or other arrangement

1 for the purpose of evading an obligation under this Act or  
2 otherwise willfully fails to perform a duty imposed on the  
3 holder under this Act, the administrator may require the holder  
4 to pay the administrator, in addition to interest as provided  
5 in subsection (a) of Section 15-1204, a civil penalty of \$1,000  
6 for each day the obligation is evaded or the duty is not  
7 performed, up to a cumulative maximum amount of \$25,000, plus  
8 25% of the amount or value of property that should have been  
9 but was not reported, paid, or delivered as a result of the  
10 evasion or failure to perform.

11 (b) If a holder makes a fraudulent report under this Act,  
12 the administrator may require the holder to pay to the  
13 administrator, in addition to interest under subsection (a) of  
14 Section 15-1204, a civil penalty of \$1,000 for each day from  
15 the date the report was made until corrected, up to a  
16 cumulative maximum of \$25,000, plus 25% of the amount or value  
17 of any property that should have been reported but was not  
18 included in the report or was underreported.

19 Section 15-1206. Waiver of interest and penalty. The  
20 administrator:

21 (1) may waive, in whole or in part, interest under  
22 subsection (a) of Section 15-1204 and penalties under  
23 subsection (b) of Section 15-1204 or Section 15-1; and

24 (2) shall waive a penalty under subsection (b) of  
25 Section 15-1204 if the administrator determines that the

1 holder acted in good faith and without negligence.

2 ARTICLE 13. AGREEMENT TO LOCATE PROPERTY OF APPARENT OWNER HELD  
3 BY ADMINISTRATOR

4 Section 15-1301. When agreement to locate property  
5 enforceable. An agreement by an apparent owner and another  
6 person, the primary purpose of which is to locate, deliver,  
7 recover, or assist in the location, delivery, or recovery of  
8 property held by the administrator, is enforceable only if the  
9 agreement:

10 (1) is in a record that clearly states the nature of  
11 the property and the services to be provided;

12 (2) is signed by or on behalf of the apparent owner;  
13 and

14 (3) states the amount or value of the property  
15 reasonably expected to be recovered, computed before and  
16 after a fee or other compensation to be paid to the person  
17 has been deducted.

18 Section 15-1302. When agreement to locate property void.

19 (a) Subject to subsection (b), an agreement under Section  
20 15-1301 is void if it is entered into during the period  
21 beginning on the date the property was presumed abandoned under  
22 this Act and ending 24 months after the payment or delivery of  
23 the property to the administrator.

1           (b) If a provision in an agreement described in Section  
2 15-1301 applies to mineral proceeds for which compensation is  
3 to be paid to the other person based in whole or in part on a  
4 part of the underlying minerals or mineral proceeds not then  
5 presumed abandoned, the provision is void regardless of when  
6 the agreement was entered into.

7           (c) An agreement under subsection (a) which provides for  
8 compensation in an amount that is more than 10% of the amount  
9 collected is unenforceable except by the apparent owner.

10           (d) An apparent owner or the administrator may assert that  
11 an agreement described in this Section is void on a ground  
12 other than it provides for payment of unconscionable  
13 compensation.

14           (e) A person attempting to collect a contingent fee for  
15 discovering, on behalf of an apparent owner, presumptively  
16 abandoned property must be licensed as a private detective  
17 pursuant to the Private Detective, Private Alarm, Private  
18 Security, Fingerprint Vendor, and Locksmith Act of 2004.

19           (f) This Section does not apply to an apparent owner's  
20 agreement with an attorney to pursue a claim for recovery of  
21 specifically identified property held by the administrator or  
22 to contest the administrator's denial of a claim for recovery  
23 of the property.

1 Section 15-1401. Confidential information.

2 (a) Except as otherwise provide in this Section,  
3 information that is confidential under law of this State other  
4 than this Act, another state, or the United States, including  
5 "private information" as defined in the Freedom of Information  
6 Act and "personal information" as defined in the Personal  
7 Information Protection Act, continues to be confidential when  
8 disclosed or delivered under this Act to the administrator or  
9 administrator's agent.

10 (b) Information provided in reports filed pursuant to  
11 Section 15-401, information obtained in the course of an  
12 examination pursuant to Section 15-1002, and the database  
13 required by Section 15-503 is exempt from disclosure under the  
14 Freedom of Information Act.

15 (c) If reasonably necessary to enforce or implement this  
16 Act, the administrator or the administrator's agent may  
17 disclose confidential information concerning property held by  
18 the administrator or the administrator's agent to:

19 (1) an apparent owner or the apparent owner's  
20 representative under the Probate Act of 1975, attorney,  
21 other legal representative, or relative;

22 (2) the representative under the Probate Act of 1975,  
23 other legal representative, relative of a deceased  
24 apparent owner, or a person entitled to inherit from the  
25 deceased apparent owner;

26 (3) another department or agency of this State or the

1 United States;

2 (4) the person that administers the unclaimed property  
3 law of another state, if the other state accords  
4 substantially reciprocal privileges to the administrator  
5 of this State if the other state is required to maintain  
6 the confidentiality and security of information obtained  
7 in a manner substantially equivalent to Article 14;

8 (5) a person subject to an examination as required by  
9 Section 15-1004; and

10 (6) an agent of the administrator.

11 (b) The administrator may include on the website or in the  
12 database the names and addresses of apparent owners of property  
13 held by the administrator as provided in Section 15-503. The  
14 administrator may include in published notices, printed  
15 publications, telecommunications, the Internet, or other media  
16 and on the website or in the database additional information  
17 concerning the apparent owner's property if the administrator  
18 believes the information will assist in identifying and  
19 returning property to the owner and does not disclose personal  
20 information as defined in the Personal Information Protection  
21 Act.

22 (c) The administrator and the administrator's agent may not  
23 use confidential information provided to them or in their  
24 possession except as expressly authorized by this Act or  
25 required by law other than this Act.

1 Section 15-1402. Confidentiality agreement. A person to be  
2 examined under Section 15-1002 may require, as a condition of  
3 disclosure of the records of the person to be examined, that  
4 the administrator or the administrator's agent execute and  
5 deliver to the person to be examined a confidentiality  
6 agreement that:

7 (1) is in a form that is reasonably satisfactory to the  
8 administrator; and

9 (2) requires the person having access to the records to  
10 comply with the provisions of this Article applicable to  
11 the person.

12 Section 15-1403. No confidential information in notice.  
13 Except as otherwise provided in Sections 15-501 and 15-502, a  
14 holder is not required under this Act to include confidential  
15 information in a notice the holder is required to provide to an  
16 apparent owner under this Act.

17 Section 15-1404. Security of information.

18 (a) If a holder is required to include confidential  
19 information in a report to the administrator, the information  
20 must be provided by a secure means.

21 (b) If confidential information in a record is provided to  
22 and maintained by the administrator or administrator's agent as  
23 required by this Act, the administrator or agent shall  
24 implement and maintain reasonable security measures to protect



1 those records from unauthorized access, acquisition,  
2 destruction, use, modification, or disclosure as required by  
3 the Personal Information Protection Act. If a State or federal  
4 law requires the administrator or agent to provide greater  
5 protection to records that contain personal information that  
6 are maintained by the administrator or agent and the  
7 administrator or agent is in compliance with the provisions of  
8 that State or federal law, the administrator or agent is deemed  
9 to be in compliance with the provisions of this subsection.

10 (c) If there is any breach of the security of the system  
11 data or written material, the administrator and the  
12 administrator's agent shall comply with the notice  
13 requirements of Section 12 of the Personal Information  
14 Protection Act, and shall, if applicable, cooperate with a  
15 holder in complying with the notice requirements of Section 10  
16 of the Personal Information Protection Act.

17 (d) The administrator and the administrator's agent shall  
18 either return in a secure manner or destroy in a manner  
19 consistent with the Personal Information Protection Act all  
20 confidential information no longer reasonably needed under  
21 this Act.

22 ARTICLE 15. MISCELLANEOUS

23 Section 15-1501. Uniformity of application and  
24 construction. In applying and construing this uniform Act

1 consideration must be given to the need to promote uniformity  
2 of the law with respect to its subject matter among states that  
3 enact it.

4 Section 15-1502. Relation to Electronic Signatures in  
5 Global and National Commerce Act. This Act modifies, limits, or  
6 supersedes the Electronic Signatures in Global and National  
7 Commerce Act, 15 U.S.C. Section 7001 et seq., but does not  
8 modify, limit, or supersede Section 101(c) of that Act, 15  
9 U.S.C. Section 7001(c), or authorize electronic delivery of any  
10 of the notices described in Section 103(b) of that Act, 15  
11 U.S.C. Section 7003(b).

12 Section 15-1503. Transitional provision.

13 (a) An initial report filed under this Act for property  
14 that was not required to be reported before the effective date  
15 of this Act, but that is required to be reported under this  
16 Act, must include all items of property that would have been  
17 presumed abandoned during the 5-year period preceding the  
18 effective date of this Act as if this Act had been in effect  
19 during that period.

20 (b) This Act does not relieve a holder of a duty that arose  
21 before the effective date of this Act to report, pay, or  
22 deliver property. Subject to subsection (b) of Section 15-610,  
23 a holder that did not comply with the law governing unclaimed  
24 property before the effective date of this Act is subject to

1 applicable provisions for enforcement and penalties in effect  
2 before the effective date of this Act.

3 Section 15-1504. Severability. If any provision of this Act  
4 or its application to any person or circumstance is held  
5 invalid, the invalidity does not affect other provisions or  
6 applications of this Act which can be given effect without the  
7 invalid provision or application, and to this end the  
8 provisions of this Act are severable.

9 ARTICLE 17. AMENDATORY PROVISIONS; UNCLAIMED PROPERTY

10 (765 ILCS 1025/Act rep.)

11 Section 17-5. The Uniform Disposition of Unclaimed  
12 Property Act is repealed.

13 Section 17-10. The Illinois Administrative Procedure Act  
14 is amended by changing Section 1-5 as follows:

15 (5 ILCS 100/1-5) (from Ch. 127, par. 1001-5)

16 Sec. 1-5. Applicability.

17 (a) This Act applies to every agency as defined in this  
18 Act. Beginning January 1, 1978, in case of conflict between the  
19 provisions of this Act and the Act creating or conferring power  
20 on an agency, this Act shall control. If, however, an agency  
21 (or its predecessor in the case of an agency that has been

1 consolidated or reorganized) has existing procedures on July 1,  
2 1977, specifically for contested cases or licensing, those  
3 existing provisions control, except that this exception  
4 respecting contested cases and licensing does not apply if the  
5 Act creating or conferring power on the agency adopts by  
6 express reference the provisions of this Act. Where the Act  
7 creating or conferring power on an agency establishes  
8 administrative procedures not covered by this Act, those  
9 procedures shall remain in effect.

10 (b) The provisions of this Act do not apply to (i)  
11 preliminary hearings, investigations, or practices where no  
12 final determinations affecting State funding are made by the  
13 State Board of Education, (ii) legal opinions issued under  
14 Section 2-3.7 of the School Code, (iii) as to State colleges  
15 and universities, their disciplinary and grievance  
16 proceedings, academic irregularity and capricious grading  
17 proceedings, and admission standards and procedures, and (iv)  
18 the class specifications for positions and individual position  
19 descriptions prepared and maintained under the Personnel Code.  
20 Those class specifications shall, however, be made reasonably  
21 available to the public for inspection and copying. ~~The~~  
22 ~~provisions of this Act do not apply to hearings under Section~~  
23 ~~20 of the Uniform Disposition of Unclaimed Property Act.~~

24 (c) Section 5-35 of this Act relating to procedures for  
25 rulemaking does not apply to the following:

26 (1) Rules adopted by the Pollution Control Board that,

1 in accordance with Section 7.2 of the Environmental  
2 Protection Act, are identical in substance to federal  
3 regulations or amendments to those regulations  
4 implementing the following: Sections 3001, 3002, 3003,  
5 3004, 3005, and 9003 of the Solid Waste Disposal Act;  
6 Section 105 of the Comprehensive Environmental Response,  
7 Compensation, and Liability Act of 1980; Sections 307(b),  
8 307(c), 307(d), 402(b)(8), and 402(b)(9) of the Federal  
9 Water Pollution Control Act; Sections 1412(b), 1414(c),  
10 1417(a), 1421, and 1445(a) of the Safe Drinking Water Act;  
11 and Section 109 of the Clean Air Act.

12 (2) Rules adopted by the Pollution Control Board that  
13 establish or amend standards for the emission of  
14 hydrocarbons and carbon monoxide from gasoline powered  
15 motor vehicles subject to inspection under the Vehicle  
16 Emissions Inspection Law of 2005 or its predecessor laws.

17 (3) Procedural rules adopted by the Pollution Control  
18 Board governing requests for exceptions under Section 14.2  
19 of the Environmental Protection Act.

20 (4) The Pollution Control Board's grant, pursuant to an  
21 adjudicatory determination, of an adjusted standard for  
22 persons who can justify an adjustment consistent with  
23 subsection (a) of Section 27 of the Environmental  
24 Protection Act.

25 (4.5) The Pollution Control Board's adoption of  
26 time-limited water quality standards under Section 38.5 of

1 the Environmental Protection Act.

2 (5) Rules adopted by the Pollution Control Board that  
3 are identical in substance to the regulations adopted by  
4 the Office of the State Fire Marshal under clause (ii) of  
5 paragraph (b) of subsection (3) of Section 2 of the  
6 Gasoline Storage Act.

7 (d) Pay rates established under Section 8a of the Personnel  
8 Code shall be amended or repealed pursuant to the process set  
9 forth in Section 5-50 within 30 days after it becomes necessary  
10 to do so due to a conflict between the rates and the terms of a  
11 collective bargaining agreement covering the compensation of  
12 an employee subject to that Code.

13 (e) Section 10-45 of this Act shall not apply to any  
14 hearing, proceeding, or investigation conducted under Section  
15 13-515 of the Public Utilities Act.

16 (f) Article 10 of this Act does not apply to any hearing,  
17 proceeding, or investigation conducted by the State Council for  
18 the State of Illinois created under Section 3-3-11.05 of the  
19 Unified Code of Corrections or by the Interstate Commission for  
20 Adult Offender Supervision created under the Interstate  
21 Compact for Adult Offender Supervision or by the Interstate  
22 Commission for Juveniles created under the Interstate Compact  
23 for Juveniles.

24 (g) This Act is subject to the provisions of Article XXI of  
25 the Public Utilities Act. To the extent that any provision of  
26 this Act conflicts with the provisions of that Article XXI, the

1 provisions of that Article XXI control.

2 (Source: P.A. 98-463, eff. 8-16-13; 99-937, eff. 2-24-17.)

3 Section 17-15. The Freedom of Information Act is amended by  
4 changing Section 7.5 as follows:

5 (5 ILCS 140/7.5)

6 Sec. 7.5. Statutory exemptions. To the extent provided for  
7 by the statutes referenced below, the following shall be exempt  
8 from inspection and copying:

9 (a) All information determined to be confidential  
10 under Section 4002 of the Technology Advancement and  
11 Development Act.

12 (b) Library circulation and order records identifying  
13 library users with specific materials under the Library  
14 Records Confidentiality Act.

15 (c) Applications, related documents, and medical  
16 records received by the Experimental Organ Transplantation  
17 Procedures Board and any and all documents or other records  
18 prepared by the Experimental Organ Transplantation  
19 Procedures Board or its staff relating to applications it  
20 has received.

21 (d) Information and records held by the Department of  
22 Public Health and its authorized representatives relating  
23 to known or suspected cases of sexually transmissible  
24 disease or any information the disclosure of which is

1 restricted under the Illinois Sexually Transmissible  
2 Disease Control Act.

3 (e) Information the disclosure of which is exempted  
4 under Section 30 of the Radon Industry Licensing Act.

5 (f) Firm performance evaluations under Section 55 of  
6 the Architectural, Engineering, and Land Surveying  
7 Qualifications Based Selection Act.

8 (g) Information the disclosure of which is restricted  
9 and exempted under Section 50 of the Illinois Prepaid  
10 Tuition Act.

11 (h) Information the disclosure of which is exempted  
12 under the State Officials and Employees Ethics Act, and  
13 records of any lawfully created State or local inspector  
14 general's office that would be exempt if created or  
15 obtained by an Executive Inspector General's office under  
16 that Act.

17 (i) Information contained in a local emergency energy  
18 plan submitted to a municipality in accordance with a local  
19 emergency energy plan ordinance that is adopted under  
20 Section 11-21.5-5 of the Illinois Municipal Code.

21 (j) Information and data concerning the distribution  
22 of surcharge moneys collected and remitted by wireless  
23 carriers under the Wireless Emergency Telephone Safety  
24 Act.

25 (k) Law enforcement officer identification information  
26 or driver identification information compiled by a law



1 enforcement agency or the Department of Transportation  
2 under Section 11-212 of the Illinois Vehicle Code.

3 (l) Records and information provided to a residential  
4 health care facility resident sexual assault and death  
5 review team or the Executive Council under the Abuse  
6 Prevention Review Team Act.

7 (m) Information provided to the predatory lending  
8 database created pursuant to Article 3 of the Residential  
9 Real Property Disclosure Act, except to the extent  
10 authorized under that Article.

11 (n) Defense budgets and petitions for certification of  
12 compensation and expenses for court appointed trial  
13 counsel as provided under Sections 10 and 15 of the Capital  
14 Crimes Litigation Act. This subsection (n) shall apply  
15 until the conclusion of the trial of the case, even if the  
16 prosecution chooses not to pursue the death penalty prior  
17 to trial or sentencing.

18 (o) Information that is prohibited from being  
19 disclosed under Section 4 of the Illinois Health and  
20 Hazardous Substances Registry Act.

21 (p) Security portions of system safety program plans,  
22 investigation reports, surveys, schedules, lists, data, or  
23 information compiled, collected, or prepared by or for the  
24 Regional Transportation Authority under Section 2.11 of  
25 the Regional Transportation Authority Act or the St. Clair  
26 County Transit District under the Bi-State Transit Safety

1 Act.

2 (q) Information prohibited from being disclosed by the  
3 Personnel Records Review Act.

4 (r) Information prohibited from being disclosed by the  
5 Illinois School Student Records Act.

6 (s) Information the disclosure of which is restricted  
7 under Section 5-108 of the Public Utilities Act.

8 (t) All identified or deidentified health information  
9 in the form of health data or medical records contained in,  
10 stored in, submitted to, transferred by, or released from  
11 the Illinois Health Information Exchange, and identified  
12 or deidentified health information in the form of health  
13 data and medical records of the Illinois Health Information  
14 Exchange in the possession of the Illinois Health  
15 Information Exchange Authority due to its administration  
16 of the Illinois Health Information Exchange. The terms  
17 "identified" and "deidentified" shall be given the same  
18 meaning as in the Health Insurance Portability and  
19 Accountability Act of 1996, Public Law 104-191, or any  
20 subsequent amendments thereto, and any regulations  
21 promulgated thereunder.

22 (u) Records and information provided to an independent  
23 team of experts under Brian's Law.

24 (v) Names and information of people who have applied  
25 for or received Firearm Owner's Identification Cards under  
26 the Firearm Owners Identification Card Act or applied for

1 or received a concealed carry license under the Firearm  
2 Concealed Carry Act, unless otherwise authorized by the  
3 Firearm Concealed Carry Act; and databases under the  
4 Firearm Concealed Carry Act, records of the Concealed Carry  
5 Licensing Review Board under the Firearm Concealed Carry  
6 Act, and law enforcement agency objections under the  
7 Firearm Concealed Carry Act.

8 (w) Personally identifiable information which is  
9 exempted from disclosure under subsection (g) of Section  
10 19.1 of the Toll Highway Act.

11 (x) Information which is exempted from disclosure  
12 under Section 5-1014.3 of the Counties Code or Section  
13 8-11-21 of the Illinois Municipal Code.

14 (y) Confidential information under the Adult  
15 Protective Services Act and its predecessor enabling  
16 statute, the Elder Abuse and Neglect Act, including  
17 information about the identity and administrative finding  
18 against any caregiver of a verified and substantiated  
19 decision of abuse, neglect, or financial exploitation of an  
20 eligible adult maintained in the Registry established  
21 under Section 7.5 of the Adult Protective Services Act.

22 (z) Records and information provided to a fatality  
23 review team or the Illinois Fatality Review Team Advisory  
24 Council under Section 15 of the Adult Protective Services  
25 Act.

26 (aa) Information which is exempted from disclosure

1 under Section 2.37 of the Wildlife Code.

2 (bb) Information which is or was prohibited from  
3 disclosure by the Juvenile Court Act of 1987.

4 (cc) Recordings made under the Law Enforcement  
5 Officer-Worn Body Camera Act, except to the extent  
6 authorized under that Act.

7 (dd) Information that is prohibited from being  
8 disclosed under Section 45 of the Condominium and Common  
9 Interest Community Ombudsperson Act.

10 (ee) ~~(dd)~~ Information that is exempted from disclosure  
11 under Section 30.1 of the Pharmacy Practice Act.

12 (ff) Information that is exempted from disclosure  
13 under the Revised Uniform Unclaimed Property Act.

14 (Source: P.A. 98-49, eff. 7-1-13; 98-63, eff. 7-9-13; 98-756,  
15 eff. 7-16-14; 98-1039, eff. 8-25-14; 98-1045, eff. 8-25-14;  
16 99-78, eff. 7-20-15; 99-298, eff. 8-6-15; 99-352, eff. 1-1-16;  
17 99-642, eff. 7-28-16; 99-776, eff. 8-12-16; 99-863, eff.  
18 8-19-16; revised 9-1-16.)

19 Section 17-20. The State Comptroller Act is amended by  
20 changing Section 9 as follows:

21 (15 ILCS 405/9) (from Ch. 15, par. 209)

22 Sec. 9. Warrants; vouchers; preaudit.

23 (a) No payment may be made from public funds held by the  
24 State Treasurer in or outside of the State treasury, except by

1 warrant drawn by the Comptroller and presented by him to the  
2 treasurer to be countersigned except for payments made pursuant  
3 to Section 9.03 or 9.05 of this Act.

4 (b) No warrant for the payment of money by the State  
5 Treasurer may be drawn by the Comptroller without the  
6 presentation of itemized vouchers indicating that the  
7 obligation or expenditure is pursuant to law and authorized,  
8 and authorizing the Comptroller to order payment.

9 (b-1) An itemized voucher for under \$5 that is presented to  
10 the Comptroller for payment shall not be paid except through  
11 electronic funds transfer. This subsection (b-1) does not apply  
12 to (i) vouchers presented by the legislative branch of State  
13 government, (ii) vouchers presented by the State Treasurer's  
14 Office for the payment of unclaimed property claims authorized  
15 under the Revised Uniform ~~Disposition of~~ Unclaimed Property  
16 Act, or (iii) vouchers presented by the Department of Revenue  
17 for the payment of refunds of taxes administered by the  
18 Department.

19 (c) The Comptroller shall examine each voucher required by  
20 law to be filed with him and determine whether unencumbered  
21 appropriations or unencumbered obligational or expenditure  
22 authority other than by appropriation are legally available to  
23 incur the obligation or to make the expenditure of public  
24 funds. If he determines that unencumbered appropriations or  
25 other obligational or expenditure authority are not available  
26 from which to incur the obligation or make the expenditure, the

1 Comptroller shall refuse to draw a warrant.

2 (d) The Comptroller shall examine each voucher and all  
3 other documentation required to accompany the voucher, and  
4 shall ascertain whether the voucher and documentation meet all  
5 requirements established by or pursuant to law. If the  
6 Comptroller determines that the voucher and documentation do  
7 not meet applicable requirements established by or pursuant to  
8 law, he shall refuse to draw a warrant. As used in this  
9 Section, "requirements established by or pursuant to law"  
10 includes statutory enactments and requirements established by  
11 rules and regulations adopted pursuant to this Act.

12 (e) Prior to drawing a warrant, the Comptroller may review  
13 the voucher, any documentation accompanying the voucher, and  
14 any other documentation related to the transaction on file with  
15 him, and determine if the transaction is in accordance with the  
16 law. If based on his review the Comptroller has reason to  
17 believe that such transaction is not in accordance with the  
18 law, he shall refuse to draw a warrant.

19 (f) Where the Comptroller refuses to draw a warrant  
20 pursuant to this Section, he shall maintain separate records of  
21 such transactions.

22 (g) State agencies shall have the principal responsibility  
23 for the preaudit of their encumbrances, expenditures, and other  
24 transactions as otherwise required by law.

25 (Source: P.A. 97-969, eff. 8-16-12; 97-1142, eff. 12-28-12;  
26 98-421, eff. 8-16-13.)

1 Section 17-25. The State Treasurer Act is amended by  
2 changing Sections 0.02, 0.03, 0.04, 0.05, and 0.06 as follows:

3 (15 ILCS 505/0.02)

4 Sec. 0.02. Transfer of powers. The rights, powers, duties,  
5 and functions vested in the Department of Financial  
6 Institutions to administer the Uniform Disposition of  
7 Unclaimed Property Act (superseded by the Revised Uniform  
8 Unclaimed Property Act) are transferred to the State Treasurer  
9 on July 1, 1999; provided, however, that the rights, powers,  
10 duties, and functions involving the examination of the records  
11 of any person that the State Treasurer has reason to believe  
12 has failed to report properly under this Act shall be  
13 transferred to the Office of Banks and Real Estate if the  
14 person is regulated by the Office of Banks and Real Estate  
15 under the Illinois Banking Act, the Corporate Fiduciary Act,  
16 the Foreign Banking Office Act, the Illinois Savings and Loan  
17 Act of 1985, or the Savings Bank Act and shall be retained by  
18 the Department of Financial Institutions if the person is doing  
19 business in the State under the supervision of the Department  
20 of Financial Institutions, the National Credit Union  
21 Administration, the Office of Thrift Supervision, or the  
22 Comptroller of the Currency.

23 (Source: P.A. 91-16, eff. 6-4-99.)

1 (15 ILCS 505/0.03)

2 Sec. 0.03. Transfer of personnel.

3 (a) Except as provided in subsection (b), personnel  
4 employed by the Department of Financial Institutions on June  
5 30, 1999 to perform duties pertaining to the administration of  
6 the Uniform Disposition of Unclaimed Property Act (superseded  
7 by the Revised Uniform Unclaimed Property Act) are transferred  
8 to the State Treasurer on July 1, 1999.

9 (b) In the case of a person employed by the Department of  
10 Financial Institutions to perform both duties pertaining to the  
11 administration of the Uniform Disposition of Unclaimed  
12 Property Act (superseded by the Revised Uniform Unclaimed  
13 Property Act) and duties pertaining to a function retained by  
14 the Department of Financial Institutions, the State Treasurer,  
15 in consultation with the Director of Financial Institutions,  
16 shall determine whether to transfer the employee to the Office  
17 of the State Treasurer; until this determination has been made,  
18 the transfer shall not take effect.

19 (c) The rights of State employees, the State, and its  
20 agencies under the Personnel Code and applicable collective  
21 bargaining agreements and retirement plans are not affected by  
22 this amendatory Act of 1999, except that all positions  
23 transferred to the State Treasurer shall be subject to the  
24 State Treasurer Employment Code effective July 1, 2000.

25 All transferred employees who are members of collective  
26 bargaining units shall retain their seniority, continuous



1 service, salary, and accrued benefits. During the pendency of  
2 the existing collective bargaining agreement, the rights  
3 provided for under that agreement and memoranda and supplements  
4 to that agreement, including but not limited to, the rights of  
5 employees performing duties pertaining to the administration  
6 of the Uniform Disposition of Unclaimed Property Act  
7 (superseded by the Revised Uniform Unclaimed Property Act) to  
8 positions in other State agencies and the right of employees in  
9 other State agencies covered by the agreement to positions  
10 performing duties pertaining to the administration of the  
11 Uniform Disposition of Unclaimed Property Act (superseded by  
12 the Revised Uniform Unclaimed Property Act), shall not be  
13 abridged.

14 The State Treasurer shall continue to honor during their  
15 pendency all bargaining agreements in effect at the time of the  
16 transfer and to recognize all collective bargaining  
17 representatives for the employees who perform or will perform  
18 functions transferred by this amendatory Act of 1999. For all  
19 purposes with respect to the management of the existing  
20 agreement and the negotiation and management of any successor  
21 agreements, the State Treasurer shall be deemed to be the  
22 employer of employees who perform or will perform functions  
23 transferred to the Office of the State Treasurer by this  
24 amendatory Act of 1999; provided that the Illinois Department  
25 of Central Management Services shall be a party to any  
26 grievance or arbitration proceeding held pursuant to the

1 provisions of the collective bargaining agreement which  
2 involves the movement of employees from the Office of the State  
3 Treasurer to an agency under the jurisdiction of the Governor  
4 covered by the agreement.

5 (Source: P.A. 91-16, eff. 6-4-99.)

6 (15 ILCS 505/0.04)

7 Sec. 0.04. Transfer of property.

8 (a) Except as provided in subsection (b), all real and  
9 personal property, including but not limited to all books,  
10 records, and documents, and all unexpended appropriations and  
11 pending business pertaining to the administration of the  
12 Uniform Disposition of Unclaimed Property Act (superseded by  
13 the Revised Uniform Unclaimed Property Act) shall be  
14 transferred and delivered to the State Treasurer effective July  
15 1, 1999.

16 (b) In the case of books, records, or documents that  
17 pertain both to the administration of the Uniform Disposition  
18 of Unclaimed Property Act (superseded by the Revised Uniform  
19 Unclaimed Property Act) and to a function retained by the  
20 Department of Financial Institutions, the State Treasurer, in  
21 consultation with the Director of Financial Institutions,  
22 shall determine whether the books, records, or documents shall  
23 be transferred, copied, or left with the Department of  
24 Financial Institutions; until this determination has been  
25 made, the transfer shall not take effect.

1           In the case of property or an unexpended appropriation that  
2           pertains both to the administration of the Uniform Disposition  
3           of Unclaimed Property Act (superseded by the Revised Uniform  
4           Unclaimed Property Act) and to a function retained by the  
5           Department of Financial Institutions, the State Treasurer, in  
6           consultation with the Director of Financial Institutions,  
7           shall determine whether the property or unexpended  
8           appropriation shall be transferred, divided, or left with the  
9           Department of Financial Institutions; until this determination  
10          has been made (and, in the case of an unexpended appropriation,  
11          notice of the determination has been filed with the State  
12          Comptroller), the transfer shall not take effect.

13          (Source: P.A. 91-16, eff. 6-4-99.)

14           (15 ILCS 505/0.05)

15           Sec. 0.05. Rules and standards.

16           (a) The rules and standards of the Department of Financial  
17           Institutions that are in effect on June 30, 1999 and pertain to  
18           the administration of the Uniform Disposition of Unclaimed  
19           Property Act (superseded by the Revised Uniform Unclaimed  
20           Property Act) shall become the rules and standards of the State  
21           Treasurer on July 1, 1999 and shall continue in effect until  
22           amended or repealed by the State Treasurer.

23           (b) Any rules pertaining to the administration of the  
24           Uniform Disposition of Unclaimed Property Act (superseded by  
25           the Revised Uniform Unclaimed Property Act) that have been

1 proposed by the Department of Financial Institutions but have  
2 not taken effect or been finally adopted by June 30, 1999 shall  
3 become proposed rules of the State Treasurer on July 1, 1999,  
4 and any rulemaking procedures that have already been completed  
5 by the Department of Financial Institutions need not be  
6 repeated.

7 (c) As soon as practical after July 1, 1999, the State  
8 Treasurer shall revise and clarify the rules transferred to it  
9 under this amendatory Act of 1999 to reflect the reorganization  
10 of rights, powers, duties, and functions effected by this  
11 amendatory Act of 1999 using the procedures for recodification  
12 of rules available under the Illinois Administrative Procedure  
13 Act, except that existing title, part, and section numbering  
14 for the affected rules may be retained.

15 (d) As soon as practical after July 1, 1999, the Office of  
16 Banks and Real Estate and the Office of the State Treasurer  
17 shall jointly promulgate rules to reflect the transfer of  
18 examination functions to the Office of Banks and Real Estate  
19 under this amendatory Act of 1999 using the procedures  
20 available under the Illinois Administrative Procedure Act.

21 (e) As soon as practical after July 1, 1999, the Department  
22 of Financial Institutions and the Office of the State Treasurer  
23 shall jointly promulgate rules to reflect the retention of  
24 examination functions by the Department of Financial  
25 Institutions under this amendatory Act of 1999 using the  
26 procedures available under the Illinois Administrative

1 Procedure Act.

2 (Source: P.A. 91-16, eff. 6-4-99.)

3 (15 ILCS 505/0.06)

4 Sec. 0.06. Savings provisions.

5 (a) The rights, powers, duties, and functions transferred  
6 to the State Treasurer or the Commissioner of Banks and Real  
7 Estate by this amendatory Act of 1999 shall be vested in and  
8 exercised by the State Treasurer or the Commissioner of Banks  
9 and Real Estate subject to the provisions of this amendatory  
10 Act of 1999. An act done by the State Treasurer or the  
11 Commissioner of Banks and Real Estate or an officer, employee,  
12 or agent of the State Treasurer or the Commissioner of Banks  
13 and Real Estate in the exercise of the transferred rights,  
14 powers, duties, or functions shall have the same legal effect  
15 as if done by the Department of Financial Institutions or an  
16 officer, employee, or agent of the Department of Financial  
17 Institutions prior to the effective date of this amendatory Act  
18 of 1999.

19 (b) The transfer of rights, powers, duties, and functions  
20 to the State Treasurer or the Commissioner of Banks and Real  
21 Estate under this amendatory Act of 1999 does not invalidate  
22 any previous action taken by or in respect to the Department of  
23 Financial Institutions or its officers, employees, or agents.  
24 References to the Department of Financial Institutions or its  
25 officers, employees or agents in any document, contract,

1 agreement, or law shall, in appropriate contexts, be deemed to  
2 refer to the State Treasurer or the Commissioner of Banks and  
3 Real Estate or the officers, employees, or agents of the State  
4 Treasurer or the Commissioner of Banks and Real Estate.

5 (c) The transfer of rights, powers, duties, and functions  
6 from the Department of Financial Institutions to the State  
7 Treasurer or the Commissioner of Banks and Real Estate under  
8 this amendatory Act of 1999 does not affect the rights,  
9 obligations, or duties of any other person or entity, including  
10 any civil or criminal penalties applicable thereto, arising out  
11 of those transferred rights, powers, duties, and functions.

12 (d) With respect to matters that pertain to a right, power,  
13 duty, or function transferred to the State Treasurer under this  
14 amendatory Act of 1999:

15 (1) Beginning July 1, 1999, any report or notice that  
16 was previously required to be made or given by any person  
17 to the Department of Financial Institutions or any of its  
18 officers, employees, or agents under the Uniform  
19 Disposition of Unclaimed Property Act (superseded by the  
20 Revised Uniform Unclaimed Property Act) or rules  
21 promulgated pursuant to that Act shall be made or given in  
22 the same manner to the State Treasurer or his or her  
23 appropriate officer, employee, or agent.

24 (2) Beginning July 1, 1999, any document that was  
25 previously required to be furnished or served by any person  
26 to or upon the Department of Financial Institutions or any

1 of its officers, employees, or agents under the Uniform  
2 Disposition of Unclaimed Property Act (superseded by the  
3 Revised Uniform Unclaimed Property Act) or rules  
4 promulgated pursuant to that Act shall be furnished or  
5 served in the same manner to or upon the State Treasurer or  
6 his or her appropriate officer, employee, or agent.

7 (e) This amendatory Act of 1999 does not affect any act  
8 done, ratified, or canceled, any right occurring or  
9 established, or any action or proceeding had or commenced in an  
10 administrative, civil, or criminal cause before July 1, 1999.  
11 Any such action or proceeding that pertains to the Uniform  
12 Disposition of Unclaimed Property Act (superseded by the  
13 Revised Uniform Unclaimed Property Act) or rules promulgated  
14 pursuant to that Act and that is pending on that date may be  
15 prosecuted, defended, or continued by the State Treasurer.

16 (Source: P.A. 91-16, eff. 6-4-99.)

17 Section 17-30. The Financial Institutions Code is amended  
18 by changing Sections 7 and 18.1 as follows:

19 (20 ILCS 1205/7) (from Ch. 17, par. 108)

20 Sec. 7. The provisions of "The Illinois Administrative  
21 Procedure Act", as now or hereafter amended, are hereby  
22 expressly adopted and incorporated herein as though a part of  
23 this Act, and shall apply to all administrative rules and  
24 procedures of the Director and the Department of Financial

1 Institutions under this Act, except that the provisions of the  
2 Administrative Procedure Act regarding contested cases shall  
3 not apply to actions of the Director under Section 15.1 of "An  
4 Act in relation to the definition, licensing and regulation of  
5 community currency exchanges and ambulatory currency  
6 exchanges, and the operators and employees thereof, and to make  
7 an appropriation therefor, and to provide penalties and  
8 remedies for the violation thereof", approved June 30, 1943, as  
9 amended, or Sections 8 and 61 of "The Illinois Credit Union  
10 Act", ~~or to hearings under Section 20 of the "Uniform  
11 Disposition of Unclaimed Property Act".~~

12 (Source: P.A. 81-329.)

13 (20 ILCS 1205/18.1)

14 Sec. 18.1. Transfer of administration of Uniform  
15 Disposition of Unclaimed Property Act to State Treasurer. The  
16 rights, powers, duties, and functions vested in the Department  
17 of Financial Institutions to administer the Uniform  
18 Disposition of Unclaimed Property Act (superseded by the  
19 Revised Uniform Unclaimed Property Act) are transferred to the  
20 State Treasurer on July 1, 1999 in accordance with Sections  
21 0.02 through 0.06 of the State Treasurer Act; provided,  
22 however, that the rights, powers, duties, and functions  
23 involving the examination of the records of any person that the  
24 State Treasurer has reason to believe has failed to report  
25 properly under this Act shall be transferred to the Office of



1 Banks and Real Estate if the person is regulated by the Office  
2 of Banks and Real Estate under the Illinois Banking Act, the  
3 Corporate Fiduciary Act, the Foreign Banking Office Act, the  
4 Illinois Savings and Loan Act of 1985, or the Savings Bank Act  
5 and shall be retained by the Department of Financial  
6 Institutions if the person is doing business in the State under  
7 the supervision of the Department of Financial Institutions,  
8 the National Credit Union Administration, the Office of Thrift  
9 Supervision, or the Comptroller of the Currency.

10 (Source: P.A. 91-16, eff. 6-4-99.)

11 Section 17-35. The State Finance Act is amended by changing  
12 Sections 6b-1 and 8.12 as follows:

13 (30 ILCS 105/6b-1) (from Ch. 127, par. 142b1)

14 Sec. 6b-1. There shall be paid into the State Pensions Fund  
15 the funds and proceeds from the sale of abandoned property as  
16 provided in ~~Section 18 of the Revised Uniform "Uniform~~  
17 ~~Disposition of Unclaimed Property Act", enacted by the~~  
18 ~~Seventy-second General Assembly.~~

19 (Source: Laws 1961, p. 3423.)

20 (30 ILCS 105/8.12) (from Ch. 127, par. 144.12)

21 Sec. 8.12. State Pensions Fund.

22 (a) The moneys in the State Pensions Fund shall be used  
23 exclusively for the administration of the Revised Uniform

1 ~~Disposition of~~ Unclaimed Property Act and for the expenses  
2 incurred by the Auditor General for administering the  
3 provisions of Section 2-8.1 of the Illinois State Auditing Act  
4 and for operational expenses of the Office of the State  
5 Treasurer and for the funding of the unfunded liabilities of  
6 the designated retirement systems. Beginning in State fiscal  
7 year 2018, payments to the designated retirement systems under  
8 this Section shall be in addition to, and not in lieu of, any  
9 State contributions required under the Illinois Pension Code.

10 "Designated retirement systems" means:

11 (1) the State Employees' Retirement System of  
12 Illinois;

13 (2) the Teachers' Retirement System of the State of  
14 Illinois;

15 (3) the State Universities Retirement System;

16 (4) the Judges Retirement System of Illinois; and

17 (5) the General Assembly Retirement System.

18 (b) Each year the General Assembly may make appropriations  
19 from the State Pensions Fund for the administration of the  
20 Revised Uniform ~~Disposition of~~ Unclaimed Property Act.

21 ~~Each month, the Commissioner of the Office of Banks and~~  
22 ~~Real Estate shall certify to the State Treasurer the actual~~  
23 ~~expenditures that the Office of Banks and Real Estate incurred~~  
24 ~~conducting unclaimed property examinations under the Uniform~~  
25 ~~Disposition of Unclaimed Property Act during the immediately~~  
26 ~~preceding month. Within a reasonable time following the~~

1 ~~acceptance of such certification by the State Treasurer, the~~  
2 ~~State Treasurer shall pay from its appropriation from the State~~  
3 ~~Pensions Fund to the Bank and Trust Company Fund, the Savings~~  
4 ~~Bank Regulatory Fund, and the Residential Finance Regulatory~~  
5 ~~Fund an amount equal to the expenditures incurred by each Fund~~  
6 ~~for that month.~~

7 ~~Each month, the Director of Financial Institutions shall~~  
8 ~~certify to the State Treasurer the actual expenditures that the~~  
9 ~~Department of Financial Institutions incurred conducting~~  
10 ~~unclaimed property examinations under the Uniform Disposition~~  
11 ~~of Unclaimed Property Act during the immediately preceding~~  
12 ~~month. Within a reasonable time following the acceptance of~~  
13 ~~such certification by the State Treasurer, the State Treasurer~~  
14 ~~shall pay from its appropriation from the State Pensions Fund~~  
15 ~~to the Financial Institution Fund and the Credit Union Fund an~~  
16 ~~amount equal to the expenditures incurred by each Fund for that~~  
17 ~~month.~~

18 (c) As soon as possible after the effective date of this  
19 amendatory Act of the 93rd General Assembly, the General  
20 Assembly shall appropriate from the State Pensions Fund (1) to  
21 the State Universities Retirement System the amount certified  
22 under Section 15-165 during the prior year, (2) to the Judges  
23 Retirement System of Illinois the amount certified under  
24 Section 18-140 during the prior year, and (3) to the General  
25 Assembly Retirement System the amount certified under Section  
26 2-134 during the prior year as part of the required State

1 contributions to each of those designated retirement systems;  
2 except that amounts appropriated under this subsection (c) in  
3 State fiscal year 2005 shall not reduce the amount in the State  
4 Pensions Fund below \$5,000,000. If the amount in the State  
5 Pensions Fund does not exceed the sum of the amounts certified  
6 in Sections 15-165, 18-140, and 2-134 by at least \$5,000,000,  
7 the amount paid to each designated retirement system under this  
8 subsection shall be reduced in proportion to the amount  
9 certified by each of those designated retirement systems.

10 (c-5) For fiscal years 2006 through 2017, the General  
11 Assembly shall appropriate from the State Pensions Fund to the  
12 State Universities Retirement System the amount estimated to be  
13 available during the fiscal year in the State Pensions Fund;  
14 provided, however, that the amounts appropriated under this  
15 subsection (c-5) shall not reduce the amount in the State  
16 Pensions Fund below \$5,000,000.

17 (c-6) For fiscal year 2018 and each fiscal year thereafter,  
18 as soon as may be practical after any money is deposited into  
19 the State Pensions Fund from the Unclaimed Property Trust Fund,  
20 the State Treasurer shall apportion the deposited amount among  
21 the designated retirement systems as defined in subsection (a)  
22 to reduce their actuarial reserve deficiencies. The State  
23 Comptroller and State Treasurer shall pay the apportioned  
24 amounts to the designated retirement systems to fund the  
25 unfunded liabilities of the designated retirement systems. The  
26 amount apportioned to each designated retirement system shall

1 constitute a portion of the amount estimated to be available  
2 for appropriation from the State Pensions Fund that is the same  
3 as that retirement system's portion of the total actual reserve  
4 deficiency of the systems, as determined annually by the  
5 Governor's Office of Management and Budget at the request of  
6 the State Treasurer. The amounts apportioned under this  
7 subsection shall not reduce the amount in the State Pensions  
8 Fund below \$5,000,000.

9 (d) The Governor's Office of Management and Budget shall  
10 determine the individual and total reserve deficiencies of the  
11 designated retirement systems. For this purpose, the  
12 Governor's Office of Management and Budget shall utilize the  
13 latest available audit and actuarial reports of each of the  
14 retirement systems and the relevant reports and statistics of  
15 the Public Employee Pension Fund Division of the Department of  
16 Insurance.

17 (d-1) As soon as practicable after the effective date of  
18 this amendatory Act of the 93rd General Assembly, the  
19 Comptroller shall direct and the Treasurer shall transfer from  
20 the State Pensions Fund to the General Revenue Fund, as funds  
21 become available, a sum equal to the amounts that would have  
22 been paid from the State Pensions Fund to the Teachers'  
23 Retirement System of the State of Illinois, the State  
24 Universities Retirement System, the Judges Retirement System  
25 of Illinois, the General Assembly Retirement System, and the  
26 State Employees' Retirement System of Illinois after the

1 effective date of this amendatory Act during the remainder of  
2 fiscal year 2004 to the designated retirement systems from the  
3 appropriations provided for in this Section if the transfers  
4 provided in Section 6z-61 had not occurred. The transfers  
5 described in this subsection (d-1) are to partially repay the  
6 General Revenue Fund for the costs associated with the bonds  
7 used to fund the moneys transferred to the designated  
8 retirement systems under Section 6z-61.

9 (e) The changes to this Section made by this amendatory Act  
10 of 1994 shall first apply to distributions from the Fund for  
11 State fiscal year 1996.

12 (Source: P.A. 98-24, eff. 6-19-13; 98-463, eff. 8-16-13;  
13 98-674, eff. 6-30-14; 98-1081, eff. 1-1-15; 99-8, eff. 7-9-15;  
14 99-78, eff. 7-20-15; 99-523, eff. 6-30-16.)

15 Section 17-40. The State Officers and Employees Money  
16 Disposition Act is amended by changing Section 2 as follows:

17 (30 ILCS 230/2) (from Ch. 127, par. 171)

18 Sec. 2. Accounts of money received; payment into State  
19 treasury.

20 (a) Every officer, board, commission, commissioner,  
21 department, institution, arm or agency brought within the  
22 provisions of this Act by Section 1 shall keep in proper books  
23 a detailed itemized account of all moneys received for or on  
24 behalf of the State of Illinois, showing the date of receipt,

1 the payor, and purpose and amount, and the date and manner of  
2 disbursement as hereinafter provided, and, unless a different  
3 time of payment is expressly provided by law or by rules or  
4 regulations promulgated under subsection (b) of this Section,  
5 shall pay into the State treasury the gross amount of money so  
6 received on the day of actual physical receipt with respect to  
7 any single item of receipt exceeding \$10,000, within 24 hours  
8 of actual physical receipt with respect to an accumulation of  
9 receipts of \$10,000 or more, or within 48 hours of actual  
10 physical receipt with respect to an accumulation of receipts  
11 exceeding \$500 but less than \$10,000, disregarding holidays,  
12 Saturdays and Sundays, after the receipt of same, without any  
13 deduction on account of salaries, fees, costs, charges,  
14 expenses or claims of any description whatever; provided that:

15 (1) the provisions of (i) Section 2505-475 of the  
16 Department of Revenue Law (20 ILCS 2505/2505-475), (ii) any  
17 specific taxing statute authorizing a claim for credit  
18 procedure instead of the actual making of refunds, (iii)  
19 Section 505 of the Illinois Controlled Substances Act, (iv)  
20 Section 85 of the Methamphetamine Control and Community  
21 Protection Act, authorizing the Director of State Police to  
22 dispose of forfeited property, which includes the sale and  
23 disposition of the proceeds of the sale of forfeited  
24 property, and the Department of Central Management  
25 Services to be reimbursed for costs incurred with the sales  
26 of forfeited vehicles, boats or aircraft and to pay to bona

1 fide or innocent purchasers, conditional sales vendors or  
2 mortgagees of such vehicles, boats or aircraft their  
3 interest in such vehicles, boats or aircraft, and (v)  
4 Section 6b-2 of the State Finance Act, establishing  
5 procedures for handling cash receipts from the sale of  
6 pari-mutuel wagering tickets, shall not be deemed to be in  
7 conflict with the requirements of this Section;

8 (2) any fees received by the State Registrar of Vital  
9 Records pursuant to the Vital Records Act which are  
10 insufficient in amount may be returned by the Registrar as  
11 provided in that Act;

12 (3) any fees received by the Department of Public  
13 Health under the Food Handling Regulation Enforcement Act  
14 that are submitted for renewal of an expired food service  
15 sanitation manager certificate may be returned by the  
16 Director as provided in that Act;

17 (3.5) the State Treasurer may permit the deduction of  
18 fees by third-party unclaimed property examiners from the  
19 property recovered by the examiners for the State of  
20 Illinois during examinations of holders located outside  
21 the State under which the Office of the Treasurer has  
22 agreed to pay for the examinations based upon a percentage,  
23 ~~set by rule by the State Treasurer~~ in accordance with the  
24 Revised Uniform Unclaimed Property Illinois Administrative  
25 Procedure Act, of the property recovered during the  
26 examination; and



1           (4) if the amount of money received does not exceed  
2           \$500, such money may be retained and need not be paid into  
3           the State treasury until the total amount of money so  
4           received exceeds \$500, or until the next succeeding 1st or  
5           15th day of each month (or until the next business day if  
6           these days fall on Sunday or a holiday), whichever is  
7           earlier, at which earlier time such money shall be paid  
8           into the State treasury, except that if a local bank or  
9           savings and loan association account has been authorized by  
10          law, any balances shall be paid into the State treasury on  
11          Monday of each week if more than \$500 is to be deposited in  
12          any fund.

13          Single items of receipt exceeding \$10,000 received after 2 p.m.  
14          on a working day may be deemed to have been received on the  
15          next working day for purposes of fulfilling the requirement  
16          that the item be deposited on the day of actual physical  
17          receipt.

18          No money belonging to or left for the use of the State  
19          shall be expended or applied except in consequence of an  
20          appropriation made by law and upon the warrant of the State  
21          Comptroller. However, payments made by the Comptroller to  
22          persons by direct deposit need not be made upon the warrant of  
23          the Comptroller, but if not made upon a warrant, shall be made  
24          in accordance with Section 9.02 of the State Comptroller Act.  
25          All moneys so paid into the State treasury shall, unless  
26          required by some statute to be held in the State treasury in a

1 separate or special fund, be covered into the General Revenue  
2 Fund in the State treasury. Moneys received in the form of  
3 checks, drafts or similar instruments shall be properly  
4 endorsed, if necessary, and delivered to the State Treasurer  
5 for collection. The State Treasurer shall remit such collected  
6 funds to the depositing officer, board, commission,  
7 commissioner, department, institution, arm or agency by  
8 Treasurers Draft or through electronic funds transfer. The  
9 draft or notification of the electronic funds transfer shall be  
10 provided to the State Comptroller to allow deposit into the  
11 appropriate fund.

12 (b) Different time periods for the payment of public funds  
13 into the State treasury or to the State Treasurer, in excess of  
14 the periods established in subsection (a) of this Section, but  
15 not in excess of 30 days after receipt of such funds, may be  
16 established and revised from time to time by rules or  
17 regulations promulgated jointly by the State Treasurer and the  
18 State Comptroller in accordance with the Illinois  
19 Administrative Procedure Act. The different time periods  
20 established by rule or regulation under this subsection may  
21 vary according to the nature and amounts of the funds received,  
22 the locations at which the funds are received, whether  
23 compliance with the deposit requirements specified in  
24 subsection (a) of this Section would be cost effective, and  
25 such other circumstances and conditions as the promulgating  
26 authorities consider to be appropriate. The Treasurer and the

1 Comptroller shall review all such different time periods  
2 established pursuant to this subsection every 2 years from the  
3 establishment thereof and upon such review, unless it is  
4 determined that it is economically unfeasible for the agency to  
5 comply with the provisions of subsection (a), shall repeal such  
6 different time period.

7 (Source: P.A. 94-556, eff. 9-11-05.)

8 Section 17-45. The Counties Code is amended by changing  
9 Section 3-3034 as follows:

10 (55 ILCS 5/3-3034) (from Ch. 34, par. 3-3034)

11 Sec. 3-3034. Disposition of body. After the inquest the  
12 coroner may deliver the body or human remains of the deceased  
13 to the family of the deceased or, if there are no family  
14 members to accept the body or the remains, then to friends of  
15 the deceased, if there be any, but if not, the coroner shall  
16 cause the body or the remains to be decently buried, cremated,  
17 or donated for medical science purposes, the expenses to be  
18 paid from the property of the deceased, if there is sufficient,  
19 if not, by the county. The coroner may not approve the  
20 cremation or donation of the body if it is necessary to  
21 preserve the body for law enforcement purposes. If the State  
22 Treasurer, pursuant to the Revised Uniform ~~Disposition of~~  
23 Unclaimed Property Act, delivers human remains to the coroner,  
24 the coroner shall cause the human remains to be disposed of as

1 provided in this Section. If the police department of any  
2 municipality or county investigates abandoned cremated  
3 remains, determines that they are human remains, and cannot  
4 locate the owner of the remains, then the police shall deliver  
5 the remains to the coroner, and the coroner shall cause the  
6 remains to be disposed of as provided in this Section.

7 (Source: P.A. 96-1339, eff. 7-27-10; 97-679, eff. 2-6-12.)

8 Section 17-50. The Illinois Banking Act is amended by  
9 changing Sections 48, 48.1, 48.3, and 65 as follows:

10 (205 ILCS 5/48)

11 Sec. 48. Secretary's powers; duties. The Secretary shall  
12 have the powers and authority, and is charged with the duties  
13 and responsibilities designated in this Act, and a State bank  
14 shall not be subject to any other visitorial power other than  
15 as authorized by this Act, except those vested in the courts,  
16 or upon prior consultation with the Secretary, a foreign bank  
17 regulator with an appropriate supervisory interest in the  
18 parent or affiliate of a state bank. In the performance of the  
19 Secretary's duties:

20 (1) The Commissioner shall call for statements from all  
21 State banks as provided in Section 47 at least one time  
22 during each calendar quarter.

23 (2) (a) The Commissioner, as often as the Commissioner  
24 shall deem necessary or proper, and no less frequently than

1 18 months following the preceding examination, shall  
2 appoint a suitable person or persons to make an examination  
3 of the affairs of every State bank, except that for every  
4 eligible State bank, as defined by regulation, the  
5 Commissioner in lieu of the examination may accept on an  
6 alternating basis the examination made by the eligible  
7 State bank's appropriate federal banking agency pursuant  
8 to Section 111 of the Federal Deposit Insurance Corporation  
9 Improvement Act of 1991, provided the appropriate federal  
10 banking agency has made such an examination. A person so  
11 appointed shall not be a stockholder or officer or employee  
12 of any bank which that person may be directed to examine,  
13 and shall have powers to make a thorough examination into  
14 all the affairs of the bank and in so doing to examine any  
15 of the officers or agents or employees thereof on oath and  
16 shall make a full and detailed report of the condition of  
17 the bank to the Commissioner. In making the examination the  
18 examiners shall include an examination of the affairs of  
19 all the affiliates of the bank, as defined in subsection  
20 (b) of Section 35.2 of this Act, or subsidiaries of the  
21 bank as shall be necessary to disclose fully the conditions  
22 of the subsidiaries or affiliates, the relations between  
23 the bank and the subsidiaries or affiliates and the effect  
24 of those relations upon the affairs of the bank, and in  
25 connection therewith shall have power to examine any of the  
26 officers, directors, agents, or employees of the

1 subsidiaries or affiliates on oath. After May 31, 1997, the  
2 Commissioner may enter into cooperative agreements with  
3 state regulatory authorities of other states to provide for  
4 examination of State bank branches in those states, and the  
5 Commissioner may accept reports of examinations of State  
6 bank branches from those state regulatory authorities.  
7 These cooperative agreements may set forth the manner in  
8 which the other state regulatory authorities may be  
9 compensated for examinations prepared for and submitted to  
10 the Commissioner.

11 (b) After May 31, 1997, the Commissioner is authorized  
12 to examine, as often as the Commissioner shall deem  
13 necessary or proper, branches of out-of-state banks. The  
14 Commissioner may establish and may assess fees to be paid  
15 to the Commissioner for examinations under this subsection  
16 (b). The fees shall be borne by the out-of-state bank,  
17 unless the fees are borne by the state regulatory authority  
18 that chartered the out-of-state bank, as determined by a  
19 cooperative agreement between the Commissioner and the  
20 state regulatory authority that chartered the out-of-state  
21 bank.

22 (2.1) Pursuant to paragraph (a) of subsection (6) of  
23 this Section, the Secretary shall adopt rules that ensure  
24 consistency and due process in the examination process. The  
25 Secretary may also establish guidelines that (i) define the  
26 scope of the examination process and (ii) clarify

1 examination items to be resolved. The rules, formal  
2 guidance, interpretive letters, or opinions furnished to  
3 State banks by the Secretary may be relied upon by the  
4 State banks.

5 (2.5) Whenever any State bank, any subsidiary or  
6 affiliate of a State bank, or after May 31, 1997, any  
7 branch of an out-of-state bank causes to be performed, by  
8 contract or otherwise, any bank services for itself,  
9 whether on or off its premises:

10 (a) that performance shall be subject to  
11 examination by the Commissioner to the same extent as  
12 if services were being performed by the bank or, after  
13 May 31, 1997, branch of the out-of-state bank itself on  
14 its own premises; and

15 (b) the bank or, after May 31, 1997, branch of the  
16 out-of-state bank shall notify the Commissioner of the  
17 existence of a service relationship. The notification  
18 shall be submitted with the first statement of  
19 condition (as required by Section 47 of this Act) due  
20 after the making of the service contract or the  
21 performance of the service, whichever occurs first.  
22 The Commissioner shall be notified of each subsequent  
23 contract in the same manner.

24 For purposes of this subsection (2.5), the term "bank  
25 services" means services such as sorting and posting of  
26 checks and deposits, computation and posting of interest

1 and other credits and charges, preparation and mailing of  
2 checks, statements, notices, and similar items, or any  
3 other clerical, bookkeeping, accounting, statistical, or  
4 similar functions performed for a State bank, including but  
5 not limited to electronic data processing related to those  
6 bank services.

7 (3) The expense of administering this Act, including  
8 the expense of the examinations of State banks as provided  
9 in this Act, shall to the extent of the amounts resulting  
10 from the fees provided for in paragraphs (a), (a-2), and  
11 (b) of this subsection (3) be assessed against and borne by  
12 the State banks:

13 (a) Each bank shall pay to the Secretary a Call  
14 Report Fee which shall be paid in quarterly  
15 installments equal to one-fourth of the sum of the  
16 annual fixed fee of \$800, plus a variable fee based on  
17 the assets shown on the quarterly statement of  
18 condition delivered to the Secretary in accordance  
19 with Section 47 for the preceding quarter according to  
20 the following schedule: 16¢ per \$1,000 of the first  
21 \$5,000,000 of total assets, 15¢ per \$1,000 of the next  
22 \$20,000,000 of total assets, 13¢ per \$1,000 of the next  
23 \$75,000,000 of total assets, 9¢ per \$1,000 of the next  
24 \$400,000,000 of total assets, 7¢ per \$1,000 of the next  
25 \$500,000,000 of total assets, and 5¢ per \$1,000 of all  
26 assets in excess of \$1,000,000,000, of the State bank.



1           The Call Report Fee shall be calculated by the  
2           Secretary and billed to the banks for remittance at the  
3           time of the quarterly statements of condition provided  
4           for in Section 47. The Secretary may require payment of  
5           the fees provided in this Section by an electronic  
6           transfer of funds or an automatic debit of an account  
7           of each of the State banks. In case more than one  
8           examination of any bank is deemed by the Secretary to  
9           be necessary in any examination frequency cycle  
10          specified in subsection 2(a) of this Section, and is  
11          performed at his direction, the Secretary may assess a  
12          reasonable additional fee to recover the cost of the  
13          additional examination; ~~provided, however, that an~~  
14          ~~examination conducted at the request of the State~~  
15          ~~Treasurer pursuant to the Uniform Disposition of~~  
16          ~~Unclaimed Property Act shall not be deemed to be an~~  
17          ~~additional examination under this Section.~~ In lieu of  
18          the method and amounts set forth in this paragraph (a)  
19          for the calculation of the Call Report Fee, the  
20          Secretary may specify by rule that the Call Report Fees  
21          provided by this Section may be assessed semiannually  
22          or some other period and may provide in the rule the  
23          formula to be used for calculating and assessing the  
24          periodic Call Report Fees to be paid by State banks.

25                 (a-1) If in the opinion of the Commissioner an  
26          emergency exists or appears likely, the Commissioner

1           may assign an examiner or examiners to monitor the  
2           affairs of a State bank with whatever frequency he  
3           deems appropriate, including but not limited to a daily  
4           basis. The reasonable and necessary expenses of the  
5           Commissioner during the period of the monitoring shall  
6           be borne by the subject bank. The Commissioner shall  
7           furnish the State bank a statement of time and expenses  
8           if requested to do so within 30 days of the conclusion  
9           of the monitoring period.

10           (a-2) On and after January 1, 1990, the reasonable  
11           and necessary expenses of the Commissioner during  
12           examination of the performance of electronic data  
13           processing services under subsection (2.5) shall be  
14           borne by the banks for which the services are provided.  
15           An amount, based upon a fee structure prescribed by the  
16           Commissioner, shall be paid by the banks or, after May  
17           31, 1997, branches of out-of-state banks receiving the  
18           electronic data processing services along with the  
19           Call Report Fee assessed under paragraph (a) of this  
20           subsection (3).

21           (a-3) After May 31, 1997, the reasonable and  
22           necessary expenses of the Commissioner during  
23           examination of the performance of electronic data  
24           processing services under subsection (2.5) at or on  
25           behalf of branches of out-of-state banks shall be borne  
26           by the out-of-state banks, unless those expenses are

1 borne by the state regulatory authorities that  
2 chartered the out-of-state banks, as determined by  
3 cooperative agreements between the Commissioner and  
4 the state regulatory authorities that chartered the  
5 out-of-state banks.

6 (b) "Fiscal year" for purposes of this Section 48  
7 is defined as a period beginning July 1 of any year and  
8 ending June 30 of the next year. The Commissioner shall  
9 receive for each fiscal year, commencing with the  
10 fiscal year ending June 30, 1987, a contingent fee  
11 equal to the lesser of the aggregate of the fees paid  
12 by all State banks under paragraph (a) of subsection  
13 (3) for that year, or the amount, if any, whereby the  
14 aggregate of the administration expenses, as defined  
15 in paragraph (c), for that fiscal year exceeds the sum  
16 of the aggregate of the fees payable by all State banks  
17 for that year under paragraph (a) of subsection (3),  
18 plus any amounts transferred into the Bank and Trust  
19 Company Fund from the State Pensions Fund for that  
20 year, plus all other amounts collected by the  
21 Commissioner for that year under any other provision of  
22 this Act, plus the aggregate of all fees collected for  
23 that year by the Commissioner under the Corporate  
24 Fiduciary Act, excluding the receivership fees  
25 provided for in Section 5-10 of the Corporate Fiduciary  
26 Act, and the Foreign Banking Office Act. The aggregate

1 amount of the contingent fee thus arrived at for any  
2 fiscal year shall be apportioned amongst, assessed  
3 upon, and paid by the State banks and foreign banking  
4 corporations, respectively, in the same proportion  
5 that the fee of each under paragraph (a) of subsection  
6 (3), respectively, for that year bears to the aggregate  
7 for that year of the fees collected under paragraph (a)  
8 of subsection (3). The aggregate amount of the  
9 contingent fee, and the portion thereof to be assessed  
10 upon each State bank and foreign banking corporation,  
11 respectively, shall be determined by the Commissioner  
12 and shall be paid by each, respectively, within 120  
13 days of the close of the period for which the  
14 contingent fee is computed and is payable, and the  
15 Commissioner shall give 20 days' ~~days~~ advance notice of  
16 the amount of the contingent fee payable by the State  
17 bank and of the date fixed by the Commissioner for  
18 payment of the fee.

19 (c) The "administration expenses" for any fiscal  
20 year shall mean the ordinary and contingent expenses  
21 for that year incident to making the examinations  
22 provided for by, and for otherwise administering, this  
23 Act, the Corporate Fiduciary Act, excluding the  
24 expenses paid from the Corporate Fiduciary  
25 Receivership account in the Bank and Trust Company  
26 Fund, the Foreign Banking Office Act, the Electronic

1 Fund Transfer Act, and the Illinois Bank Examiners'  
2 Education Foundation Act, including all salaries and  
3 other compensation paid for personal services rendered  
4 for the State by officers or employees of the State,  
5 including the Commissioner and the Deputy  
6 Commissioners, communication equipment and services,  
7 office furnishings, surety bond premiums, and travel  
8 expenses of those officers and employees, employees,  
9 expenditures or charges for the acquisition,  
10 enlargement or improvement of, or for the use of, any  
11 office space, building, or structure, or expenditures  
12 for the maintenance thereof or for furnishing heat,  
13 light, or power with respect thereto, all to the extent  
14 that those expenditures are directly incidental to  
15 such examinations or administration. The Commissioner  
16 shall not be required by paragraphs (c) or (d-1) of  
17 this subsection (3) to maintain in any fiscal year's  
18 budget appropriated reserves for accrued vacation and  
19 accrued sick leave that is required to be paid to  
20 employees of the Commissioner upon termination of  
21 their service with the Commissioner in an amount that  
22 is more than is reasonably anticipated to be necessary  
23 for any anticipated turnover in employees, whether due  
24 to normal attrition or due to layoffs, terminations, or  
25 resignations.

26 (d) The aggregate of all fees collected by the

1 Secretary under this Act, the Corporate Fiduciary Act,  
2 or the Foreign Banking Office Act on and after July 1,  
3 1979, shall be paid promptly after receipt of the same,  
4 accompanied by a detailed statement thereof, into the  
5 State treasury and shall be set apart in a special fund  
6 to be known as the "Bank and Trust Company Fund",  
7 except as provided in paragraph (c) of subsection (11)  
8 of this Section. All earnings received from  
9 investments of funds in the Bank and Trust Company Fund  
10 shall be deposited in the Bank and Trust Company Fund  
11 and may be used for the same purposes as fees deposited  
12 in that Fund. The amount from time to time deposited  
13 into the Bank and Trust Company Fund shall be used: (i)  
14 to offset the ordinary administrative expenses of the  
15 Secretary as defined in this Section or (ii) as a  
16 credit against fees under paragraph (d-1) of this  
17 subsection (3). Nothing in this amendatory Act of 1979  
18 shall prevent continuing the practice of paying  
19 expenses involving salaries, retirement, social  
20 security, and State-paid insurance premiums of State  
21 officers by appropriations from the General Revenue  
22 Fund. However, the General Revenue Fund shall be  
23 reimbursed for those payments made on and after July 1,  
24 1979, by an annual transfer of funds from the Bank and  
25 Trust Company Fund. Moneys in the Bank and Trust  
26 Company Fund may be transferred to the Professions

1 Indirect Cost Fund, as authorized under Section  
2 2105-300 of the Department of Professional Regulation  
3 Law of the Civil Administrative Code of Illinois.

4 Notwithstanding provisions in the State Finance  
5 Act, as now or hereafter amended, or any other law to  
6 the contrary, the sum of \$18,788,847 shall be  
7 transferred from the Bank and Trust Company Fund to the  
8 Financial Institutions Settlement of 2008 Fund on the  
9 effective date of this amendatory Act of the 95th  
10 General Assembly, or as soon thereafter as practical.

11 Notwithstanding provisions in the State Finance  
12 Act, as now or hereafter amended, or any other law to  
13 the contrary, the Governor may, during any fiscal year  
14 through January 10, 2011, from time to time direct the  
15 State Treasurer and Comptroller to transfer a  
16 specified sum not exceeding 10% of the revenues to be  
17 deposited into the Bank and Trust Company Fund during  
18 that fiscal year from that Fund to the General Revenue  
19 Fund in order to help defray the State's operating  
20 costs for the fiscal year. Notwithstanding provisions  
21 in the State Finance Act, as now or hereafter amended,  
22 or any other law to the contrary, the total sum  
23 transferred during any fiscal year through January 10,  
24 2011, from the Bank and Trust Company Fund to the  
25 General Revenue Fund pursuant to this provision shall  
26 not exceed during any fiscal year 10% of the revenues

1 to be deposited into the Bank and Trust Company Fund  
2 during that fiscal year. The State Treasurer and  
3 Comptroller shall transfer the amounts designated  
4 under this Section as soon as may be practicable after  
5 receiving the direction to transfer from the Governor.

6 (d-1) Adequate funds shall be available in the Bank  
7 and Trust Company Fund to permit the timely payment of  
8 administration expenses. In each fiscal year the total  
9 administration expenses shall be deducted from the  
10 total fees collected by the Commissioner and the  
11 remainder transferred into the Cash Flow Reserve  
12 Account, unless the balance of the Cash Flow Reserve  
13 Account prior to the transfer equals or exceeds  
14 one-fourth of the total initial appropriations from  
15 the Bank and Trust Company Fund for the subsequent  
16 year, in which case the remainder shall be credited to  
17 State banks and foreign banking corporations and  
18 applied against their fees for the subsequent year. The  
19 amount credited to each State bank and foreign banking  
20 corporation shall be in the same proportion as the Call  
21 Report Fees paid by each for the year bear to the total  
22 Call Report Fees collected for the year. If, after a  
23 transfer to the Cash Flow Reserve Account is made or if  
24 no remainder is available for transfer, the balance of  
25 the Cash Flow Reserve Account is less than one-fourth  
26 of the total initial appropriations for the subsequent



1 year and the amount transferred is less than 5% of the  
2 total Call Report Fees for the year, additional amounts  
3 needed to make the transfer equal to 5% of the total  
4 Call Report Fees for the year shall be apportioned  
5 amongst, assessed upon, and paid by the State banks and  
6 foreign banking corporations in the same proportion  
7 that the Call Report Fees of each, respectively, for  
8 the year bear to the total Call Report Fees collected  
9 for the year. The additional amounts assessed shall be  
10 transferred into the Cash Flow Reserve Account. For  
11 purposes of this paragraph (d-1), the calculation of  
12 the fees collected by the Commissioner shall exclude  
13 the receivership fees provided for in Section 5-10 of  
14 the Corporate Fiduciary Act.

15 (e) The Commissioner may upon request certify to  
16 any public record in his keeping and shall have  
17 authority to levy a reasonable charge for issuing  
18 certifications of any public record in his keeping.

19 (f) In addition to fees authorized elsewhere in  
20 this Act, the Commissioner may, in connection with a  
21 review, approval, or provision of a service, levy a  
22 reasonable charge to recover the cost of the review,  
23 approval, or service.

24 (4) Nothing contained in this Act shall be construed to  
25 limit the obligation relative to examinations and reports  
26 of any State bank, deposits in which are to any extent

1 insured by the United States or any agency thereof, nor to  
2 limit in any way the powers of the Commissioner with  
3 reference to examinations and reports of that bank.

4 (5) The nature and condition of the assets in or  
5 investment of any bonus, pension, or profit sharing plan  
6 for officers or employees of every State bank or, after May  
7 31, 1997, branch of an out-of-state bank shall be deemed to  
8 be included in the affairs of that State bank or branch of  
9 an out-of-state bank subject to examination by the  
10 Commissioner under the provisions of subsection (2) of this  
11 Section, and if the Commissioner shall find from an  
12 examination that the condition of or operation of the  
13 investments or assets of the plan is unlawful, fraudulent,  
14 or unsafe, or that any trustee has abused his trust, the  
15 Commissioner shall, if the situation so found by the  
16 Commissioner shall not be corrected to his satisfaction  
17 within 60 days after the Commissioner has given notice to  
18 the board of directors of the State bank or out-of-state  
19 bank of his findings, report the facts to the Attorney  
20 General who shall thereupon institute proceedings against  
21 the State bank or out-of-state bank, the board of directors  
22 thereof, or the trustees under such plan as the nature of  
23 the case may require.

24 (6) The Commissioner shall have the power:

25 (a) To promulgate reasonable rules for the purpose  
26 of administering the provisions of this Act.

1           (a-5) To impose conditions on any approval issued  
2 by the Commissioner if he determines that the  
3 conditions are necessary or appropriate. These  
4 conditions shall be imposed in writing and shall  
5 continue in effect for the period prescribed by the  
6 Commissioner.

7           (b) To issue orders against any person, if the  
8 Commissioner has reasonable cause to believe that an  
9 unsafe or unsound banking practice has occurred, is  
10 occurring, or is about to occur, if any person has  
11 violated, is violating, or is about to violate any law,  
12 rule, or written agreement with the Commissioner, or  
13 for the purpose of administering the provisions of this  
14 Act and any rule promulgated in accordance with this  
15 Act.

16           (b-1) To enter into agreements with a bank  
17 establishing a program to correct the condition of the  
18 bank or its practices.

19           (c) To appoint hearing officers to execute any of  
20 the powers granted to the Commissioner under this  
21 Section for the purpose of administering this Act and  
22 any rule promulgated in accordance with this Act and  
23 otherwise to authorize, in writing, an officer or  
24 employee of the Office of Banks and Real Estate to  
25 exercise his powers under this Act.

26           (d) To subpoena witnesses, to compel their

1 attendance, to administer an oath, to examine any  
2 person under oath, and to require the production of any  
3 relevant books, papers, accounts, and documents in the  
4 course of and pursuant to any investigation being  
5 conducted, or any action being taken, by the  
6 Commissioner in respect of any matter relating to the  
7 duties imposed upon, or the powers vested in, the  
8 Commissioner under the provisions of this Act or any  
9 rule promulgated in accordance with this Act.

10 (e) To conduct hearings.

11 (7) Whenever, in the opinion of the Secretary, any  
12 director, officer, employee, or agent of a State bank or  
13 any subsidiary or bank holding company of the bank or,  
14 after May 31, 1997, of any branch of an out-of-state bank  
15 or any subsidiary or bank holding company of the bank shall  
16 have violated any law, rule, or order relating to that bank  
17 or any subsidiary or bank holding company of the bank,  
18 shall have obstructed or impeded any examination or  
19 investigation by the Secretary, shall have engaged in an  
20 unsafe or unsound practice in conducting the business of  
21 that bank or any subsidiary or bank holding company of the  
22 bank, or shall have violated any law or engaged or  
23 participated in any unsafe or unsound practice in  
24 connection with any financial institution or other  
25 business entity such that the character and fitness of the  
26 director, officer, employee, or agent does not assure

1 reasonable promise of safe and sound operation of the State  
2 bank, the Secretary may issue an order of removal. If, in  
3 the opinion of the Secretary, any former director, officer,  
4 employee, or agent of a State bank or any subsidiary or  
5 bank holding company of the bank, prior to the termination  
6 of his or her service with that bank or any subsidiary or  
7 bank holding company of the bank, violated any law, rule,  
8 or order relating to that State bank or any subsidiary or  
9 bank holding company of the bank, obstructed or impeded any  
10 examination or investigation by the Secretary, engaged in  
11 an unsafe or unsound practice in conducting the business of  
12 that bank or any subsidiary or bank holding company of the  
13 bank, or violated any law or engaged or participated in any  
14 unsafe or unsound practice in connection with any financial  
15 institution or other business entity such that the  
16 character and fitness of the director, officer, employee,  
17 or agent would not have assured reasonable promise of safe  
18 and sound operation of the State bank, the Secretary may  
19 issue an order prohibiting that person from further service  
20 with a bank or any subsidiary or bank holding company of  
21 the bank as a director, officer, employee, or agent. An  
22 order issued pursuant to this subsection shall be served  
23 upon the director, officer, employee, or agent. A copy of  
24 the order shall be sent to each director of the bank  
25 affected by registered mail. A copy of the order shall also  
26 be served upon the bank of which he is a director, officer,

1 employee, or agent, whereupon he shall cease to be a  
2 director, officer, employee, or agent of that bank. The  
3 Secretary may institute a civil action against the  
4 director, officer, or agent of the State bank or, after May  
5 31, 1997, of the branch of the out-of-state bank against  
6 whom any order provided for by this subsection (7) of this  
7 Section 48 has been issued, and against the State bank or,  
8 after May 31, 1997, out-of-state bank, to enforce  
9 compliance with or to enjoin any violation of the terms of  
10 the order. Any person who has been the subject of an order  
11 of removal or an order of prohibition issued by the  
12 Secretary under this subsection or Section 5-6 of the  
13 Corporate Fiduciary Act may not thereafter serve as  
14 director, officer, employee, or agent of any State bank or  
15 of any branch of any out-of-state bank, or of any corporate  
16 fiduciary, as defined in Section 1-5.05 of the Corporate  
17 Fiduciary Act, or of any other entity that is subject to  
18 licensure or regulation by the Division of Banking unless  
19 the Secretary has granted prior approval in writing.

20 For purposes of this paragraph (7), "bank holding  
21 company" has the meaning prescribed in Section 2 of the  
22 Illinois Bank Holding Company Act of 1957.

23 (8) The Commissioner may impose civil penalties of up  
24 to \$100,000 against any person for each violation of any  
25 provision of this Act, any rule promulgated in accordance  
26 with this Act, any order of the Commissioner, or any other

1 action which in the Commissioner's discretion is an unsafe  
2 or unsound banking practice.

3 (9) The Commissioner may impose civil penalties of up  
4 to \$100 against any person for the first failure to comply  
5 with reporting requirements set forth in the report of  
6 examination of the bank and up to \$200 for the second and  
7 subsequent failures to comply with those reporting  
8 requirements.

9 (10) All final administrative decisions of the  
10 Commissioner hereunder shall be subject to judicial review  
11 pursuant to the provisions of the Administrative Review  
12 Law. For matters involving administrative review, venue  
13 shall be in either Sangamon County or Cook County.

14 (11) The endowment fund for the Illinois Bank  
15 Examiners' Education Foundation shall be administered as  
16 follows:

17 (a) (Blank).

18 (b) The Foundation is empowered to receive  
19 voluntary contributions, gifts, grants, bequests, and  
20 donations on behalf of the Illinois Bank Examiners'  
21 Education Foundation from national banks and other  
22 persons for the purpose of funding the endowment of the  
23 Illinois Bank Examiners' Education Foundation.

24 (c) The aggregate of all special educational fees  
25 collected by the Secretary and property received by the  
26 Secretary on behalf of the Illinois Bank Examiners'

1 Education Foundation under this subsection (11) on or  
2 after June 30, 1986, shall be either (i) promptly paid  
3 after receipt of the same, accompanied by a detailed  
4 statement thereof, into the State Treasury and shall be  
5 set apart in a special fund to be known as "The  
6 Illinois Bank Examiners' Education Fund" to be  
7 invested by either the Treasurer of the State of  
8 Illinois in the Public Treasurers' Investment Pool or  
9 in any other investment he is authorized to make or by  
10 the Illinois State Board of Investment as the State  
11 Banking Board of Illinois may direct or (ii) deposited  
12 into an account maintained in a commercial bank or  
13 corporate fiduciary in the name of the Illinois Bank  
14 Examiners' Education Foundation pursuant to the order  
15 and direction of the Board of Trustees of the Illinois  
16 Bank Examiners' Education Foundation.

17 (12) (Blank).

18 (13) The Secretary may borrow funds from the General  
19 Revenue Fund on behalf of the Bank and Trust Company Fund  
20 if the Director of Banking certifies to the Governor that  
21 there is an economic emergency affecting banking that  
22 requires a borrowing to provide additional funds to the  
23 Bank and Trust Company Fund. The borrowed funds shall be  
24 paid back within 3 years and shall not exceed the total  
25 funding appropriated to the Agency in the previous year.

26 (14) In addition to the fees authorized in this Act,



1 the Secretary may assess reasonable receivership fees  
2 against any State bank that does not maintain insurance  
3 with the Federal Deposit Insurance Corporation. All fees  
4 collected under this subsection (14) shall be paid into the  
5 Non-insured Institutions Receivership account in the Bank  
6 and Trust Company Fund, as established by the Secretary.  
7 The fees assessed under this subsection (14) shall provide  
8 for the expenses that arise from the administration of the  
9 receivership of any such institution required to pay into  
10 the Non-insured Institutions Receivership account, whether  
11 pursuant to this Act, the Corporate Fiduciary Act, the  
12 Foreign Banking Office Act, or any other Act that requires  
13 payments into the Non-insured Institutions Receivership  
14 account. The Secretary may establish by rule a reasonable  
15 manner of assessing fees under this subsection (14).

16 (Source: P.A. 98-784, eff. 7-24-14; 99-39, eff. 1-1-16.)

17 (205 ILCS 5/48.1) (from Ch. 17, par. 360)

18 Sec. 48.1. Customer financial records; confidentiality.

19 (a) For the purpose of this Section, the term "financial  
20 records" means any original, any copy, or any summary of:

21 (1) a document granting signature authority over a  
22 deposit or account;

23 (2) a statement, ledger card or other record on any  
24 deposit or account, which shows each transaction in or with  
25 respect to that account;

1           (3) a check, draft or money order drawn on a bank or  
2 issued and payable by a bank; or

3           (4) any other item containing information pertaining  
4 to any relationship established in the ordinary course of a  
5 bank's business between a bank and its customer, including  
6 financial statements or other financial information  
7 provided by the customer.

8           (b) This Section does not prohibit:

9           (1) The preparation, examination, handling or  
10 maintenance of any financial records by any officer,  
11 employee or agent of a bank having custody of the records,  
12 or the examination of the records by a certified public  
13 accountant engaged by the bank to perform an independent  
14 audit.

15           (2) The examination of any financial records by, or the  
16 furnishing of financial records by a bank to, any officer,  
17 employee or agent of (i) the Commissioner of Banks and Real  
18 Estate, (ii) after May 31, 1997, a state regulatory  
19 authority authorized to examine a branch of a State bank  
20 located in another state, (iii) the Comptroller of the  
21 Currency, (iv) the Federal Reserve Board, or (v) the  
22 Federal Deposit Insurance Corporation for use solely in the  
23 exercise of his duties as an officer, employee, or agent.

24           (3) The publication of data furnished from financial  
25 records relating to customers where the data cannot be  
26 identified to any particular customer or account.

1           (4) The making of reports or returns required under  
2 Chapter 61 of the Internal Revenue Code of 1986.

3           (5) Furnishing information concerning the dishonor of  
4 any negotiable instrument permitted to be disclosed under  
5 the Uniform Commercial Code.

6           (6) The exchange in the regular course of business of  
7 (i) credit information between a bank and other banks or  
8 financial institutions or commercial enterprises, directly  
9 or through a consumer reporting agency or (ii) financial  
10 records or information derived from financial records  
11 between a bank and other banks or financial institutions or  
12 commercial enterprises for the purpose of conducting due  
13 diligence pursuant to a purchase or sale involving the bank  
14 or assets or liabilities of the bank.

15           (7) The furnishing of information to the appropriate  
16 law enforcement authorities where the bank reasonably  
17 believes it has been the victim of a crime.

18           (8) The furnishing of information under the Revised  
19 Uniform ~~Disposition of~~ Unclaimed Property Act.

20           (9) The furnishing of information under the Illinois  
21 Income Tax Act and the Illinois Estate and  
22 Generation-Skipping Transfer Tax Act.

23           (10) The furnishing of information under the federal  
24 Currency and Foreign Transactions Reporting Act Title 31,  
25 United States Code, Section 1051 et seq.

26           (11) The furnishing of information under any other

1 statute that by its terms or by regulations promulgated  
2 thereunder requires the disclosure of financial records  
3 other than by subpoena, summons, warrant, or court order.

4 (12) The furnishing of information about the existence  
5 of an account of a person to a judgment creditor of that  
6 person who has made a written request for that information.

7 (13) The exchange in the regular course of business of  
8 information between commonly owned banks in connection  
9 with a transaction authorized under paragraph (23) of  
10 Section 5 and conducted at an affiliate facility.

11 (14) The furnishing of information in accordance with  
12 the federal Personal Responsibility and Work Opportunity  
13 Reconciliation Act of 1996. Any bank governed by this Act  
14 shall enter into an agreement for data exchanges with a  
15 State agency provided the State agency pays to the bank a  
16 reasonable fee not to exceed its actual cost incurred. A  
17 bank providing information in accordance with this item  
18 shall not be liable to any account holder or other person  
19 for any disclosure of information to a State agency, for  
20 encumbering or surrendering any assets held by the bank in  
21 response to a lien or order to withhold and deliver issued  
22 by a State agency, or for any other action taken pursuant  
23 to this item, including individual or mechanical errors,  
24 provided the action does not constitute gross negligence or  
25 willful misconduct. A bank shall have no obligation to  
26 hold, encumber, or surrender assets until it has been

1 served with a subpoena, summons, warrant, court or  
2 administrative order, lien, or levy.

3 (15) The exchange in the regular course of business of  
4 information between a bank and any commonly owned affiliate  
5 of the bank, subject to the provisions of the Financial  
6 Institutions Insurance Sales Law.

7 (16) The furnishing of information to law enforcement  
8 authorities, the Illinois Department on Aging and its  
9 regional administrative and provider agencies, the  
10 Department of Human Services Office of Inspector General,  
11 or public guardians: (i) upon subpoena by the investigatory  
12 entity or the guardian, or (ii) if there is suspicion by  
13 the bank that a customer who is an elderly person or person  
14 with a disability has been or may become the victim of  
15 financial exploitation. For the purposes of this item (16),  
16 the term: (i) "elderly person" means a person who is 60 or  
17 more years of age, (ii) "disabled person" means a person  
18 who has or reasonably appears to the bank to have a  
19 physical or mental disability that impairs his or her  
20 ability to seek or obtain protection from or prevent  
21 financial exploitation, and (iii) "financial exploitation"  
22 means tortious or illegal use of the assets or resources of  
23 an elderly or disabled person, and includes, without  
24 limitation, misappropriation of the elderly or disabled  
25 person's assets or resources by undue influence, breach of  
26 fiduciary relationship, intimidation, fraud, deception,

1 extortion, or the use of assets or resources in any manner  
2 contrary to law. A bank or person furnishing information  
3 pursuant to this item (16) shall be entitled to the same  
4 rights and protections as a person furnishing information  
5 under the Adult Protective Services Act and the Illinois  
6 Domestic Violence Act of 1986.

7 (17) The disclosure of financial records or  
8 information as necessary to effect, administer, or enforce  
9 a transaction requested or authorized by the customer, or  
10 in connection with:

11 (A) servicing or processing a financial product or  
12 service requested or authorized by the customer;

13 (B) maintaining or servicing a customer's account  
14 with the bank; or

15 (C) a proposed or actual securitization or  
16 secondary market sale (including sales of servicing  
17 rights) related to a transaction of a customer.

18 Nothing in this item (17), however, authorizes the sale  
19 of the financial records or information of a customer  
20 without the consent of the customer.

21 (18) The disclosure of financial records or  
22 information as necessary to protect against actual or  
23 potential fraud, unauthorized transactions, claims, or  
24 other liability.

25 (19) (a) The disclosure of financial records or  
26 information related to a private label credit program

1           between a financial institution and a private label party  
2           in connection with that private label credit program. Such  
3           information is limited to outstanding balance, available  
4           credit, payment and performance and account history,  
5           product references, purchase information, and information  
6           related to the identity of the customer.

7           (b) (1) For purposes of this paragraph (19) of  
8           subsection (b) of Section 48.1, a "private label credit  
9           program" means a credit program involving a financial  
10          institution and a private label party that is used by a  
11          customer of the financial institution and the private label  
12          party primarily for payment for goods or services sold,  
13          manufactured, or distributed by a private label party.

14          (2) For purposes of this paragraph (19) of subsection  
15          (b) of Section 48.1, a "private label party" means, with  
16          respect to a private label credit program, any of the  
17          following: a retailer, a merchant, a manufacturer, a trade  
18          group, or any such person's affiliate, subsidiary, member,  
19          agent, or service provider.

20          (c) Except as otherwise provided by this Act, a bank may  
21          not disclose to any person, except to the customer or his duly  
22          authorized agent, any financial records or financial  
23          information obtained from financial records relating to that  
24          customer of that bank unless:

25                 (1) the customer has authorized disclosure to the  
26                 person;

1           (2) the financial records are disclosed in response to  
2 a lawful subpoena, summons, warrant, citation to discover  
3 assets, or court order which meets the requirements of  
4 subsection (d) of this Section; or

5           (3) the bank is attempting to collect an obligation  
6 owed to the bank and the bank complies with the provisions  
7 of Section 2I of the Consumer Fraud and Deceptive Business  
8 Practices Act.

9           (d) A bank shall disclose financial records under paragraph  
10 (2) of subsection (c) of this Section under a lawful subpoena,  
11 summons, warrant, citation to discover assets, or court order  
12 only after the bank mails a copy of the subpoena, summons,  
13 warrant, citation to discover assets, or court order to the  
14 person establishing the relationship with the bank, if living,  
15 and, otherwise his personal representative, if known, at his  
16 last known address by first class mail, postage prepaid, unless  
17 the bank is specifically prohibited from notifying the person  
18 by order of court or by applicable State or federal law. A bank  
19 shall not mail a copy of a subpoena to any person pursuant to  
20 this subsection if the subpoena was issued by a grand jury  
21 under the Statewide Grand Jury Act.

22           (e) Any officer or employee of a bank who knowingly and  
23 willfully furnishes financial records in violation of this  
24 Section is guilty of a business offense and, upon conviction,  
25 shall be fined not more than \$1,000.

26           (f) Any person who knowingly and willfully induces or



1 attempts to induce any officer or employee of a bank to  
2 disclose financial records in violation of this Section is  
3 guilty of a business offense and, upon conviction, shall be  
4 fined not more than \$1,000.

5 (g) A bank shall be reimbursed for costs that are  
6 reasonably necessary and that have been directly incurred in  
7 searching for, reproducing, or transporting books, papers,  
8 records, or other data of a customer required or requested to  
9 be produced pursuant to a lawful subpoena, summons, warrant,  
10 citation to discover assets, or court order. The Commissioner  
11 shall determine the rates and conditions under which payment  
12 may be made.

13 (Source: P.A. 98-49, eff. 7-1-13; 99-143, eff. 7-27-15.)

14 (205 ILCS 5/48.3) (from Ch. 17, par. 360.2)

15 Sec. 48.3. Disclosure of reports of examinations and  
16 confidential supervisory information; limitations.

17 (a) Any report of examination, visitation, or  
18 investigation prepared by the Commissioner under this Act, the  
19 Electronic Fund Transfer Act, the Corporate Fiduciary Act, the  
20 Illinois Bank Holding Company Act of 1957, and the Foreign  
21 Banking Office Act, any report of examination, visitation, or  
22 investigation prepared by the state regulatory authority of  
23 another state that examines a branch of an Illinois State bank  
24 in that state, any document or record prepared or obtained in  
25 connection with or relating to any examination, visitation, or

1 investigation, and any record prepared or obtained by the  
2 Commissioner to the extent that the record summarizes or  
3 contains information derived from any report, document, or  
4 record described in this subsection shall be deemed  
5 "confidential supervisory information". Confidential  
6 supervisory information shall not include any information or  
7 record routinely prepared by a bank or other financial  
8 institution and maintained in the ordinary course of business  
9 or any information or record that is required to be made  
10 publicly available pursuant to State or federal law or rule.  
11 Confidential supervisory information shall be the property of  
12 the Commissioner and shall only be disclosed under the  
13 circumstances and for the purposes set forth in this Section.

14 The Commissioner may disclose confidential supervisory  
15 information only under the following circumstances:

16 (1) The Commissioner may furnish confidential  
17 supervisory information to the Board of Governors of the  
18 Federal Reserve System, the federal reserve bank of the  
19 federal reserve district in which the State bank is located  
20 or in which the parent or other affiliate of the State bank  
21 is located, any official or examiner thereof duly  
22 accredited for the purpose, or any other state regulator,  
23 federal regulator, or in the case of a foreign bank  
24 possessing a certificate of authority pursuant to the  
25 Foreign Banking Office Act or a license pursuant to the  
26 Foreign Bank Representative Office Act, the bank regulator

1 in the country where the foreign bank is chartered, that  
2 the Commissioner determines to have an appropriate  
3 regulatory interest. Nothing contained in this Act shall be  
4 construed to limit the obligation of any member State bank  
5 to comply with the requirements relative to examinations  
6 and reports of the Federal Reserve Act and of the Board of  
7 Governors of the Federal Reserve System or the federal  
8 reserve bank of the federal reserve district in which the  
9 bank is located, nor to limit in any way the powers of the  
10 Commissioner with reference to examinations and reports.

11 (2) The Commissioner may furnish confidential  
12 supervisory information to the United States, any agency  
13 thereof that has insured a bank's deposits in whole or in  
14 part, or any official or examiner thereof duly accredited  
15 for the purpose. Nothing contained in this Act shall be  
16 construed to limit the obligation relative to examinations  
17 and reports of any State bank, deposits in which are to any  
18 extent insured by the United States, any agency thereof,  
19 nor to limit in any way the powers of the Commissioner with  
20 reference to examination and reports of such bank.

21 (3) The Commissioner may furnish confidential  
22 supervisory information to the appropriate law enforcement  
23 authorities when the Commissioner reasonably believes a  
24 bank, which the Commissioner has caused to be examined, has  
25 been a victim of a crime.

26 (4) The Commissioner may furnish confidential

1 supervisory information relating to a bank or other  
2 financial institution, which the Commissioner has caused  
3 to be examined, to be sent to the administrator of the  
4 Revised Uniform ~~Disposition of~~ Unclaimed Property Act.

5 (5) The Commissioner may furnish confidential  
6 supervisory information relating to a bank or other  
7 financial institution, which the Commissioner has caused  
8 to be examined, relating to its performance of obligations  
9 under the Illinois Income Tax Act and the Illinois Estate  
10 and Generation-Skipping Transfer Tax Act to the Illinois  
11 Department of Revenue.

12 (6) The Commissioner may furnish confidential  
13 supervisory information relating to a bank or other  
14 financial institution, which the Commissioner has caused  
15 to be examined, under the federal Currency and Foreign  
16 Transactions Reporting Act, Title 31, United States Code,  
17 Section 1051 et seq.

18 (6.5) The Commissioner may furnish confidential  
19 supervisory information to any other agency or entity that  
20 the Commissioner determines to have a legitimate  
21 regulatory interest.

22 (7) The Commissioner may furnish confidential  
23 supervisory information under any other statute that by its  
24 terms or by regulations promulgated thereunder requires  
25 the disclosure of financial records other than by subpoena,  
26 summons, warrant, or court order.

1           (8) At the request of the affected bank or other  
2 financial institution, the Commissioner may furnish  
3 confidential supervisory information relating to a bank or  
4 other financial institution, which the Commissioner has  
5 caused to be examined, in connection with the obtaining of  
6 insurance coverage or the pursuit of an insurance claim for  
7 or on behalf of the bank or other financial institution;  
8 provided that, when possible, the Commissioner shall  
9 disclose only relevant information while maintaining the  
10 confidentiality of financial records not relevant to such  
11 insurance coverage or claim and, when appropriate, may  
12 delete identifying data relating to any person or  
13 individual.

14           (9) The Commissioner may furnish a copy of a report of  
15 any examination performed by the Commissioner of the  
16 condition and affairs of any electronic data processing  
17 entity to the banks serviced by the electronic data  
18 processing entity.

19           (10) In addition to the foregoing circumstances, the  
20 Commissioner may, but is not required to, furnish  
21 confidential supervisory information under the same  
22 circumstances authorized for the bank or financial  
23 institution pursuant to subsection (b) of this Section,  
24 except that the Commissioner shall provide confidential  
25 supervisory information under circumstances described in  
26 paragraph (3) of subsection (b) of this Section only upon

1 the request of the bank or other financial institution.

2 (b) A bank or other financial institution or its officers,  
3 agents, and employees may disclose confidential supervisory  
4 information only under the following circumstances:

5 (1) to the board of directors of the bank or other  
6 financial institution, as well as the president,  
7 vice-president, cashier, and other officers of the bank or  
8 other financial institution to whom the board of directors  
9 may delegate duties with respect to compliance with  
10 recommendations for action, and to the board of directors  
11 of a bank holding company that owns at least 80% of the  
12 outstanding stock of the bank or other financial  
13 institution;

14 (2) to attorneys for the bank or other financial  
15 institution and to a certified public accountant engaged by  
16 the State bank or financial institution to perform an  
17 independent audit provided that the attorney or certified  
18 public accountant shall not permit the confidential  
19 supervisory information to be further disseminated;

20 (3) to any person who seeks to acquire a controlling  
21 interest in, or who seeks to merge with, the bank or  
22 financial institution, provided that all attorneys,  
23 certified public accountants, officers, agents, or  
24 employees of that person shall agree to be bound to respect  
25 the confidentiality of the confidential supervisory  
26 information and to not further disseminate the information

1           therein contained;

2                 (4) (blank); or

3                 (5) to the bank's insurance company in relation to an  
4           insurance claim or the effort by the bank to procure  
5           insurance coverage, provided that, when possible, the bank  
6           shall disclose only information that is relevant to the  
7           insurance claim or that is necessary to procure the  
8           insurance coverage, while maintaining the confidentiality  
9           of financial information pertaining to customers. When  
10          appropriate, the bank may delete identifying data relating  
11          to any person.

12          The disclosure of confidential supervisory information by  
13          a bank or other financial institution pursuant to this  
14          subsection (b) and the disclosure of information to the  
15          Commissioner or other regulatory agency in connection with any  
16          examination, visitation, or investigation shall not constitute  
17          a waiver of any legal privilege otherwise available to the bank  
18          or other financial institution with respect to the information.

19          (c) (1) Notwithstanding any other provision of this Act or  
20          any other law, confidential supervisory information shall be  
21          the property of the Commissioner and shall be privileged from  
22          disclosure to any person except as provided in this Section. No  
23          person in possession of confidential supervisory information  
24          may disclose that information for any reason or under any  
25          circumstances not specified in this Section without the prior  
26          authorization of the Commissioner. Any person upon whom a

1 demand for production of confidential supervisory information  
2 is made, whether by subpoena, order, or other judicial or  
3 administrative process, must withhold production of the  
4 confidential supervisory information and must notify the  
5 Commissioner of the demand, at which time the Commissioner is  
6 authorized to intervene for the purpose of enforcing the  
7 limitations of this Section or seeking the withdrawal or  
8 termination of the attempt to compel production of the  
9 confidential supervisory information.

10 (2) Any request for discovery or disclosure of confidential  
11 supervisory information, whether by subpoena, order, or other  
12 judicial or administrative process, shall be made to the  
13 Commissioner, and the Commissioner shall determine within 15  
14 days whether to disclose the information pursuant to procedures  
15 and standards that the Commissioner shall establish by rule. If  
16 the Commissioner determines that such information will not be  
17 disclosed, the Commissioner's decision shall be subject to  
18 judicial review under the provisions of the Administrative  
19 Review Law, and venue shall be in either Sangamon County or  
20 Cook County.

21 (3) Any court order that compels disclosure of confidential  
22 supervisory information may be immediately appealed by the  
23 Commissioner, and the order shall be automatically stayed  
24 pending the outcome of the appeal.

25 (d) If any officer, agent, attorney, or employee of a bank  
26 or financial institution knowingly and willfully furnishes



1 confidential supervisory information in violation of this  
2 Section, the Commissioner may impose a civil monetary penalty  
3 up to \$1,000 for the violation against the officer, agent,  
4 attorney, or employee.

5 (Source: P.A. 90-301, eff. 8-1-97; 91-201, eff. 1-1-00.)

6 (205 ILCS 5/65) (from Ch. 17, par. 377)

7 Sec. 65. Dividends; dissolution. From time to time during a  
8 receivership other than a receivership conducted by the Federal  
9 Deposit Insurance Corporation, the Commissioner shall make and  
10 pay from monies of the bank a ratable dividend on all claims as  
11 may be proved to his or her satisfaction or adjudicated by the  
12 court. Claims so proven or adjudicated shall bear interest at  
13 the rate of 3% per annum from the date of the appointment of  
14 the receiver to the date of payment, but all dividends on a  
15 claim shall be applied first to principal. In computing the  
16 amount of any dividend to be paid, if the Commissioner deems it  
17 desirable in the interests of economy of administration and to  
18 the interest of the bank and its creditors, he or she may pay  
19 up to the amount of \$10 of each claim or unpaid portion thereof  
20 in full. As the proceeds of the assets of the bank are  
21 collected in the course of liquidation, the Commissioner shall  
22 make and pay further dividends on all claims previously proven  
23 or adjudicated. After one year from the entry of a judgment of  
24 dissolution, all unclaimed dividends shall be remitted to the  
25 State Treasurer in accordance with the Revised Uniform

1 Unclaimed Property Act ~~"Uniform Disposition of Unclaimed~~  
2 ~~Property Act"~~, as now or hereafter amended, together with a  
3 list of all unpaid claimants, their last known addresses and  
4 the amounts unpaid.

5 (Source: P.A. 91-16, eff. 7-1-99.)

6 Section 17-55. The Savings Bank Act is amended by changing  
7 Sections 4013, 9012, and 10090 as follows:

8 (205 ILCS 205/4013) (from Ch. 17, par. 7304-13)

9 Sec. 4013. Access to books and records; communication with  
10 members and shareholders.

11 (a) Every member or shareholder shall have the right to  
12 inspect books and records of the savings bank that pertain to  
13 his accounts. Otherwise, the right of inspection and  
14 examination of the books and records shall be limited as  
15 provided in this Act, and no other person shall have access to  
16 the books and records nor shall be entitled to a list of the  
17 members or shareholders.

18 (b) For the purpose of this Section, the term "financial  
19 records" means any original, any copy, or any summary of (1) a  
20 document granting signature authority over a deposit or  
21 account; (2) a statement, ledger card, or other record on any  
22 deposit or account that shows each transaction in or with  
23 respect to that account; (3) a check, draft, or money order  
24 drawn on a savings bank or issued and payable by a savings

1 bank; or (4) any other item containing information pertaining  
2 to any relationship established in the ordinary course of a  
3 savings bank's business between a savings bank and its  
4 customer, including financial statements or other financial  
5 information provided by the member or shareholder.

6 (c) This Section does not prohibit:

7 (1) The preparation, examination, handling, or  
8 maintenance of any financial records by any officer,  
9 employee, or agent of a savings bank having custody of  
10 records or examination of records by a certified public  
11 accountant engaged by the savings bank to perform an  
12 independent audit.

13 (2) The examination of any financial records by, or the  
14 furnishing of financial records by a savings bank to, any  
15 officer, employee, or agent of the Commissioner of Banks  
16 and Real Estate or the federal depository institution  
17 regulator for use solely in the exercise of his duties as  
18 an officer, employee, or agent.

19 (3) The publication of data furnished from financial  
20 records relating to members or holders of capital where the  
21 data cannot be identified to any particular member,  
22 shareholder, or account.

23 (4) The making of reports or returns required under  
24 Chapter 61 of the Internal Revenue Code of 1986.

25 (5) Furnishing information concerning the dishonor of  
26 any negotiable instrument permitted to be disclosed under

1 the Uniform Commercial Code.

2 (6) The exchange in the regular course of business of  
3 (i) credit information between a savings bank and other  
4 savings banks or financial institutions or commercial  
5 enterprises, directly or through a consumer reporting  
6 agency or (ii) financial records or information derived  
7 from financial records between a savings bank and other  
8 savings banks or financial institutions or commercial  
9 enterprises for the purpose of conducting due diligence  
10 pursuant to a purchase or sale involving the savings bank  
11 or assets or liabilities of the savings bank.

12 (7) The furnishing of information to the appropriate  
13 law enforcement authorities where the savings bank  
14 reasonably believes it has been the victim of a crime.

15 (8) The furnishing of information pursuant to the  
16 Revised Uniform Disposition of Unclaimed Property Act.

17 (9) The furnishing of information pursuant to the  
18 Illinois Income Tax Act and the Illinois Estate and  
19 Generation-Skipping Transfer Tax Act.

20 (10) The furnishing of information pursuant to the  
21 federal "Currency and Foreign Transactions Reporting Act",  
22 (Title 31, United States Code, Section 1051 et seq.).

23 (11) The furnishing of information pursuant to any  
24 other statute which by its terms or by regulations  
25 promulgated thereunder requires the disclosure of  
26 financial records other than by subpoena, summons,

1 warrant, or court order.

2 (12) The furnishing of information in accordance with  
3 the federal Personal Responsibility and Work Opportunity  
4 Reconciliation Act of 1996. Any savings bank governed by  
5 this Act shall enter into an agreement for data exchanges  
6 with a State agency provided the State agency pays to the  
7 savings bank a reasonable fee not to exceed its actual cost  
8 incurred. A savings bank providing information in  
9 accordance with this item shall not be liable to any  
10 account holder or other person for any disclosure of  
11 information to a State agency, for encumbering or  
12 surrendering any assets held by the savings bank in  
13 response to a lien or order to withhold and deliver issued  
14 by a State agency, or for any other action taken pursuant  
15 to this item, including individual or mechanical errors,  
16 provided the action does not constitute gross negligence or  
17 willful misconduct. A savings bank shall have no obligation  
18 to hold, encumber, or surrender assets until it has been  
19 served with a subpoena, summons, warrant, court or  
20 administrative order, lien, or levy.

21 (13) The furnishing of information to law enforcement  
22 authorities, the Illinois Department on Aging and its  
23 regional administrative and provider agencies, the  
24 Department of Human Services Office of Inspector General,  
25 or public guardians: (i) upon subpoena by the investigatory  
26 entity or the guardian, or (ii) if there is suspicion by

1 the savings bank that a customer who is an elderly person  
2 or person with a disability has been or may become the  
3 victim of financial exploitation. For the purposes of this  
4 item (13), the term: (i) "elderly person" means a person  
5 who is 60 or more years of age, (ii) "person with a  
6 disability" means a person who has or reasonably appears to  
7 the savings bank to have a physical or mental disability  
8 that impairs his or her ability to seek or obtain  
9 protection from or prevent financial exploitation, and  
10 (iii) "financial exploitation" means tortious or illegal  
11 use of the assets or resources of an elderly person or  
12 person with a disability, and includes, without  
13 limitation, misappropriation of the assets or resources of  
14 the elderly person or person with a disability by undue  
15 influence, breach of fiduciary relationship, intimidation,  
16 fraud, deception, extortion, or the use of assets or  
17 resources in any manner contrary to law. A savings bank or  
18 person furnishing information pursuant to this item (13)  
19 shall be entitled to the same rights and protections as a  
20 person furnishing information under the Adult Protective  
21 Services Act and the Illinois Domestic Violence Act of  
22 1986.

23 (14) The disclosure of financial records or  
24 information as necessary to effect, administer, or enforce  
25 a transaction requested or authorized by the member or  
26 holder of capital, or in connection with:

1 (A) servicing or processing a financial product or  
2 service requested or authorized by the member or holder  
3 of capital;

4 (B) maintaining or servicing an account of a member  
5 or holder of capital with the savings bank; or

6 (C) a proposed or actual securitization or  
7 secondary market sale (including sales of servicing  
8 rights) related to a transaction of a member or holder  
9 of capital.

10 Nothing in this item (14), however, authorizes the sale  
11 of the financial records or information of a member or  
12 holder of capital without the consent of the member or  
13 holder of capital.

14 (15) The exchange in the regular course of business of  
15 information between a savings bank and any commonly owned  
16 affiliate of the savings bank, subject to the provisions of  
17 the Financial Institutions Insurance Sales Law.

18 (16) The disclosure of financial records or  
19 information as necessary to protect against or prevent  
20 actual or potential fraud, unauthorized transactions,  
21 claims, or other liability.

22 (17) (a) The disclosure of financial records or  
23 information related to a private label credit program  
24 between a financial institution and a private label party  
25 in connection with that private label credit program. Such  
26 information is limited to outstanding balance, available

1 credit, payment and performance and account history,  
2 product references, purchase information, and information  
3 related to the identity of the customer.

4 (b) (1) For purposes of this paragraph (17) of  
5 subsection (c) of Section 4013, a "private label credit  
6 program" means a credit program involving a financial  
7 institution and a private label party that is used by a  
8 customer of the financial institution and the private label  
9 party primarily for payment for goods or services sold,  
10 manufactured, or distributed by a private label party.

11 (2) For purposes of this paragraph (17) of subsection  
12 (c) of Section 4013, a "private label party" means, with  
13 respect to a private label credit program, any of the  
14 following: a retailer, a merchant, a manufacturer, a trade  
15 group, or any such person's affiliate, subsidiary, member,  
16 agent, or service provider.

17 (d) A savings bank may not disclose to any person, except  
18 to the member or holder of capital or his duly authorized  
19 agent, any financial records relating to that member or  
20 shareholder of the savings bank unless:

21 (1) the member or shareholder has authorized  
22 disclosure to the person; or

23 (2) the financial records are disclosed in response to  
24 a lawful subpoena, summons, warrant, citation to discover  
25 assets, or court order that meets the requirements of  
26 subsection (e) of this Section.



1           (e) A savings bank shall disclose financial records under  
2 subsection (d) of this Section pursuant to a lawful subpoena,  
3 summons, warrant, citation to discover assets, or court order  
4 only after the savings bank mails a copy of the subpoena,  
5 summons, warrant, citation to discover assets, or court order  
6 to the person establishing the relationship with the savings  
7 bank, if living, and otherwise, his personal representative, if  
8 known, at his last known address by first class mail, postage  
9 prepaid, unless the savings bank is specifically prohibited  
10 from notifying the person by order of court.

11           (f) Any officer or employee of a savings bank who knowingly  
12 and willfully furnishes financial records in violation of this  
13 Section is guilty of a business offense and, upon conviction,  
14 shall be fined not more than \$1,000.

15           (g) Any person who knowingly and willfully induces or  
16 attempts to induce any officer or employee of a savings bank to  
17 disclose financial records in violation of this Section is  
18 guilty of a business offense and, upon conviction, shall be  
19 fined not more than \$1,000.

20           (h) If any member or shareholder desires to communicate  
21 with the other members or shareholders of the savings bank with  
22 reference to any question pending or to be presented at an  
23 annual or special meeting, the savings bank shall give that  
24 person, upon request, a statement of the approximate number of  
25 members or shareholders entitled to vote at the meeting and an  
26 estimate of the cost of preparing and mailing the

1 communication. The requesting member shall submit the  
2 communication to the Commissioner who, upon finding it to be  
3 appropriate and truthful, shall direct that it be prepared and  
4 mailed to the members upon the requesting member's or  
5 shareholder's payment or adequate provision for payment of the  
6 expenses of preparation and mailing.

7 (i) A savings bank shall be reimbursed for costs that are  
8 necessary and that have been directly incurred in searching  
9 for, reproducing, or transporting books, papers, records, or  
10 other data of a customer required to be reproduced pursuant to  
11 a lawful subpoena, warrant, citation to discover assets, or  
12 court order.

13 (j) Notwithstanding the provisions of this Section, a  
14 savings bank may sell or otherwise make use of lists of  
15 customers' names and addresses. All other information  
16 regarding a customer's account ~~is~~ are subject to the disclosure  
17 provisions of this Section. At the request of any customer,  
18 that customer's name and address shall be deleted from any list  
19 that is to be sold or used in any other manner beyond  
20 identification of the customer's accounts.

21 (Source: P.A. 98-49, eff. 7-1-13; 99-143, eff. 7-27-15; revised  
22 9-14-16.)

23 (205 ILCS 205/9012) (from Ch. 17, par. 7309-12)

24 Sec. 9012. Disclosure of reports of examinations and  
25 confidential supervisory information; limitations.

1           (a) Any report of examination, visitation, or  
2 investigation prepared by the Commissioner under this Act, any  
3 report of examination, visitation, or investigation prepared  
4 by the state regulatory authority of another state that  
5 examines a branch of an Illinois State savings bank in that  
6 state, any document or record prepared or obtained in  
7 connection with or relating to any examination, visitation, or  
8 investigation, and any record prepared or obtained by the  
9 Commissioner to the extent that the record summarizes or  
10 contains information derived from any report, document, or  
11 record described in this subsection shall be deemed  
12 confidential supervisory information. "Confidential  
13 supervisory information" shall not include any information or  
14 record routinely prepared by a savings bank and maintained in  
15 the ordinary course of business or any information or record  
16 that is required to be made publicly available pursuant to  
17 State or federal law or rule. Confidential supervisory  
18 information shall be the property of the Commissioner and shall  
19 only be disclosed under the circumstances and for the purposes  
20 set forth in this Section.

21           The Commissioner may disclose confidential supervisory  
22 information only under the following circumstances:

- 23           (1) The Commissioner may furnish confidential  
24 supervisory information to federal and state depository  
25 institution regulators, or any official or examiner  
26 thereof duly accredited for the purpose. Nothing contained

1 in this Act shall be construed to limit the obligation of  
2 any savings bank to comply with the requirements relative  
3 to examinations and reports nor to limit in any way the  
4 powers of the Commissioner relative to examinations and  
5 reports.

6 (2) The Commissioner may furnish confidential  
7 supervisory information to the United States or any agency  
8 thereof that to any extent has insured a savings bank's  
9 deposits, or any official or examiner thereof duly  
10 accredited for the purpose. Nothing contained in this Act  
11 shall be construed to limit the obligation relative to  
12 examinations and reports of any savings bank in which  
13 deposits are to any extent insured by the United States or  
14 any agency thereof nor to limit in any way the powers of  
15 the Commissioner with reference to examination and reports  
16 of the savings bank.

17 (3) The Commissioner may furnish confidential  
18 supervisory information to the appropriate law enforcement  
19 authorities when the Commissioner reasonably believes a  
20 savings bank, which the Commissioner has caused to be  
21 examined, has been a victim of a crime.

22 (4) The Commissioner may furnish confidential  
23 supervisory information related to a savings bank, which  
24 the Commissioner has caused to be examined, to the  
25 administrator of the Revised Uniform ~~Disposition~~ of  
26 Unclaimed Property Act.

1           (5) The Commissioner may furnish confidential  
2 supervisory information relating to a savings bank, which  
3 the Commissioner has caused to be examined, relating to its  
4 performance of obligations under the Illinois Income Tax  
5 Act and the Illinois Estate and Generation-Skipping  
6 Transfer Tax Act to the Illinois Department of Revenue.

7           (6) The Commissioner may furnish confidential  
8 supervisory information relating to a savings bank, which  
9 the Commissioner has caused to be examined, under the  
10 federal Currency and Foreign Transactions Reporting Act,  
11 31 United States Code, Section 1051 et seq.

12           (7) The Commissioner may furnish confidential  
13 supervisory information to any other agency or entity that  
14 the Commissioner determines to have a legitimate  
15 regulatory interest.

16           (8) The Commissioner may furnish confidential  
17 supervisory information as otherwise permitted or required  
18 by this Act and may furnish confidential supervisory  
19 information under any other statute that by its terms or by  
20 regulations promulgated thereunder requires the disclosure  
21 of financial records other than by subpoena, summons,  
22 warrant, or court order.

23           (9) At the request of the affected savings bank, the  
24 Commissioner may furnish confidential supervisory  
25 information relating to the savings bank, which the  
26 Commissioner has caused to be examined, in connection with

1 the obtaining of insurance coverage or the pursuit of an  
2 insurance claim for or on behalf of the savings bank;  
3 provided that, when possible, the Commissioner shall  
4 disclose only relevant information while maintaining the  
5 confidentiality of financial records not relevant to such  
6 insurance coverage or claim and, when appropriate, may  
7 delete identifying data relating to any person.

8 (10) The Commissioner may furnish a copy of a report of  
9 any examination performed by the Commissioner of the  
10 condition and affairs of any electronic data processing  
11 entity to the savings banks serviced by the electronic data  
12 processing entity.

13 (11) In addition to the foregoing circumstances, the  
14 Commissioner may, but is not required to, furnish  
15 confidential supervisory information under the same  
16 circumstances authorized for the savings bank pursuant to  
17 subsection (b) of this Section, except that the  
18 Commissioner shall provide confidential supervisory  
19 information under circumstances described in paragraph (3)  
20 of subsection (b) of this Section only upon the request of  
21 the savings bank.

22 (b) A savings bank or its officers, agents, and employees  
23 may disclose confidential supervisory information only under  
24 the following circumstances:

25 (1) to the board of directors of the savings bank, as  
26 well as the president, vice-president, cashier, and other

1 officers of the savings bank to whom the board of directors  
2 may delegate duties with respect to compliance with  
3 recommendations for action, and to the board of directors  
4 of a savings bank holding company that owns at least 80% of  
5 the outstanding stock of the savings bank or other  
6 financial institution.

7 (2) to attorneys for the savings bank and to a  
8 certified public accountant engaged by the savings bank to  
9 perform an independent audit; provided that the attorney or  
10 certified public accountant shall not permit the  
11 confidential supervisory information to be further  
12 disseminated.

13 (3) to any person who seeks to acquire a controlling  
14 interest in, or who seeks to merge with, the savings bank;  
15 provided that the person shall agree to be bound to respect  
16 the confidentiality of the confidential supervisory  
17 information and to not further disseminate the information  
18 other than to attorneys, certified public accountants,  
19 officers, agents, or employees of that person who likewise  
20 shall agree to be bound to respect the confidentiality of  
21 the confidential supervisory information and to not  
22 further disseminate the information.

23 (4) to the savings bank's insurance company, if the  
24 supervisory information contains information that is  
25 otherwise unavailable and is strictly necessary to  
26 obtaining insurance coverage or pursuing an insurance

1 claim for or on behalf of the savings bank; provided that,  
2 when possible, the savings bank shall disclose only  
3 information that is relevant to obtaining insurance  
4 coverage or pursuing an insurance claim, while maintaining  
5 the confidentiality of financial information pertaining to  
6 customers; and provided further that, when appropriate,  
7 the savings bank may delete identifying data relating to  
8 any person.

9 The disclosure of confidential supervisory information by  
10 a savings bank pursuant to this subsection (b) and the  
11 disclosure of information to the Commissioner or other  
12 regulatory agency in connection with any examination,  
13 visitation, or investigation shall not constitute a waiver of  
14 any legal privilege otherwise available to the savings bank  
15 with respect to the information.

16 (c) (1) Notwithstanding any other provision of this Act or  
17 any other law, confidential supervisory information shall be  
18 the property of the Commissioner and shall be privileged from  
19 disclosure to any person except as provided in this Section. No  
20 person in possession of confidential supervisory information  
21 may disclose that information for any reason or under any  
22 circumstances not specified in this Section without the prior  
23 authorization of the Commissioner. Any person upon whom a  
24 demand for production of confidential supervisory information  
25 is made, whether by subpoena, order, or other judicial or  
26 administrative process, must withhold production of the



1 confidential supervisory information and must notify the  
2 Commissioner of the demand, at which time the Commissioner is  
3 authorized to intervene for the purpose of enforcing the  
4 limitations of this Section or seeking the withdrawal or  
5 termination of the attempt to compel production of the  
6 confidential supervisory information.

7 (2) Any request for discovery or disclosure of confidential  
8 supervisory information, whether by subpoena, order, or other  
9 judicial or administrative process, shall be made to the  
10 Commissioner, and the Commissioner shall determine within 15  
11 days whether to disclose the information pursuant to procedures  
12 and standards that the Commissioner shall establish by rule. If  
13 the Commissioner determines that such information will not be  
14 disclosed, the Commissioner's decision shall be subject to  
15 judicial review under the provisions of the Administrative  
16 Review Law, and venue shall be in either Sangamon County or  
17 Cook County.

18 (3) Any court order that compels disclosure of confidential  
19 supervisory information may be immediately appealed by the  
20 Commissioner, and the order shall be automatically stayed  
21 pending the outcome of the appeal.

22 (d) If any officer, agent, attorney, or employee of a  
23 savings bank knowingly and willfully furnishes confidential  
24 supervisory information in violation of this Section, the  
25 Commissioner may impose a civil monetary penalty up to \$1,000  
26 for the violation against the officer, agent, attorney, or

1 employee.

2 (e) Subject to the limits of this Section, the  
3 Commissioner also may promulgate regulations to set procedures  
4 and standards for disclosure of the following items:

5 (1) All fixed orders and opinions made in cases of  
6 appeals of the Commissioner's actions.

7 (2) Statements of policy and interpretations adopted  
8 by the Commissioner's office, but not otherwise made  
9 public.

10 (3) Nonconfidential portions of application files,  
11 including applications for new charters. The Commissioner  
12 shall specify by rule as to what part of the files are  
13 confidential.

14 (4) Quarterly reports of income, deposits, and  
15 financial condition.

16 (Source: P.A. 93-271, eff. 7-22-03.)

17 (205 ILCS 205/10090)

18 Sec. 10090. Dividends; dissolution. From time to time  
19 during a receivership other than a receivership conducted by  
20 the Federal Deposit Insurance Corporation, the Secretary shall  
21 make and pay from moneys of the savings bank a ratable dividend  
22 on all claims as may be proved to his or her satisfaction or  
23 adjudicated by the court. Claims so proven or adjudicated shall  
24 bear interest at the rate of 3% per annum from the date of the  
25 appointment of the receiver to the date of payment, but all

1 dividends on a claim shall be applied first to principal. In  
2 computing the amount of any dividend to be paid, if the  
3 Secretary deems it desirable in the interests of economy of  
4 administration and to the interest of the savings bank and its  
5 creditors, he or she may pay up to the amount of \$10 of each  
6 claim or unpaid portion thereof in full. As the proceeds of the  
7 assets of the savings bank are collected in the course of  
8 liquidation, the Secretary shall make and pay further dividends  
9 on all claims previously proven or adjudicated. After one year  
10 from the entry of a judgment of dissolution, all unclaimed  
11 dividends shall be remitted to the State Treasurer in  
12 accordance with the Revised Uniform ~~Disposition of~~ Unclaimed  
13 Property Act, as now or hereafter amended, together with a list  
14 of all unpaid claimants, their last known addresses and the  
15 amounts unpaid.

16 (Source: P.A. 96-1365, eff. 7-28-10.)

17 Section 17-60. The Illinois Credit Union Act is amended by  
18 changing Sections 10 and 62 as follows:

19 (205 ILCS 305/10) (from Ch. 17, par. 4411)

20 Sec. 10. Credit union records; member financial records.

21 (1) A credit union shall establish and maintain books,  
22 records, accounting systems and procedures which accurately  
23 reflect its operations and which enable the Department to  
24 readily ascertain the true financial condition of the credit

1 union and whether it is complying with this Act.

2 (2) A photostatic or photographic reproduction of any  
3 credit union records shall be admissible as evidence of  
4 transactions with the credit union.

5 (3) (a) For the purpose of this Section, the term "financial  
6 records" means any original, any copy, or any summary of (1) a  
7 document granting signature authority over an account, (2) a  
8 statement, ledger card or other record on any account which  
9 shows each transaction in or with respect to that account, (3)  
10 a check, draft or money order drawn on a financial institution  
11 or other entity or issued and payable by or through a financial  
12 institution or other entity, or (4) any other item containing  
13 information pertaining to any relationship established in the  
14 ordinary course of business between a credit union and its  
15 member, including financial statements or other financial  
16 information provided by the member.

17 (b) This Section does not prohibit:

18 (1) The preparation, examination, handling or  
19 maintenance of any financial records by any officer,  
20 employee or agent of a credit union having custody of such  
21 records, or the examination of such records by a certified  
22 public accountant engaged by the credit union to perform an  
23 independent audit.

24 (2) The examination of any financial records by or the  
25 furnishing of financial records by a credit union to any  
26 officer, employee or agent of the Department, the National

1 Credit Union Administration, Federal Reserve board or any  
2 insurer of share accounts for use solely in the exercise of  
3 his duties as an officer, employee or agent.

4 (3) The publication of data furnished from financial  
5 records relating to members where the data cannot be  
6 identified to any particular customer of account.

7 (4) The making of reports or returns required under  
8 Chapter 61 of the Internal Revenue Code of 1954.

9 (5) Furnishing information concerning the dishonor of  
10 any negotiable instrument permitted to be disclosed under  
11 the Uniform Commercial Code.

12 (6) The exchange in the regular course of business of  
13 (i) credit information between a credit union and other  
14 credit unions or financial institutions or commercial  
15 enterprises, directly or through a consumer reporting  
16 agency or (ii) financial records or information derived  
17 from financial records between a credit union and other  
18 credit unions or financial institutions or commercial  
19 enterprises for the purpose of conducting due diligence  
20 pursuant to a merger or a purchase or sale of assets or  
21 liabilities of the credit union.

22 (7) The furnishing of information to the appropriate  
23 law enforcement authorities where the credit union  
24 reasonably believes it has been the victim of a crime.

25 (8) The furnishing of information pursuant to the  
26 Revised Uniform ~~Disposition of~~ Unclaimed Property Act.

1           (9) The furnishing of information pursuant to the  
2 Illinois Income Tax Act and the Illinois Estate and  
3 Generation-Skipping Transfer Tax Act.

4           (10) The furnishing of information pursuant to the  
5 federal "Currency and Foreign Transactions Reporting Act",  
6 Title 31, United States Code, Section 1051 et sequentia.

7           (11) The furnishing of information pursuant to any  
8 other statute which by its terms or by regulations  
9 promulgated thereunder requires the disclosure of  
10 financial records other than by subpoena, summons, warrant  
11 or court order.

12           (12) The furnishing of information in accordance with  
13 the federal Personal Responsibility and Work Opportunity  
14 Reconciliation Act of 1996. Any credit union governed by  
15 this Act shall enter into an agreement for data exchanges  
16 with a State agency provided the State agency pays to the  
17 credit union a reasonable fee not to exceed its actual cost  
18 incurred. A credit union providing information in  
19 accordance with this item shall not be liable to any  
20 account holder or other person for any disclosure of  
21 information to a State agency, for encumbering or  
22 surrendering any assets held by the credit union in  
23 response to a lien or order to withhold and deliver issued  
24 by a State agency, or for any other action taken pursuant  
25 to this item, including individual or mechanical errors,  
26 provided the action does not constitute gross negligence or

1 willful misconduct. A credit union shall have no obligation  
2 to hold, encumber, or surrender assets until it has been  
3 served with a subpoena, summons, warrant, court or  
4 administrative order, lien, or levy.

5 (13) The furnishing of information to law enforcement  
6 authorities, the Illinois Department on Aging and its  
7 regional administrative and provider agencies, the  
8 Department of Human Services Office of Inspector General,  
9 or public guardians: (i) upon subpoena by the investigatory  
10 entity or the guardian, or (ii) if there is suspicion by  
11 the credit union that a member who is an elderly person or  
12 person with a disability has been or may become the victim  
13 of financial exploitation. For the purposes of this item  
14 (13), the term: (i) "elderly person" means a person who is  
15 60 or more years of age, (ii) "person with a disability"  
16 means a person who has or reasonably appears to the credit  
17 union to have a physical or mental disability that impairs  
18 his or her ability to seek or obtain protection from or  
19 prevent financial exploitation, and (iii) "financial  
20 exploitation" means tortious or illegal use of the assets  
21 or resources of an elderly person or person with a  
22 disability, and includes, without limitation,  
23 misappropriation of the elderly or disabled person's  
24 assets or resources by undue influence, breach of fiduciary  
25 relationship, intimidation, fraud, deception, extortion,  
26 or the use of assets or resources in any manner contrary to

1 law. A credit union or person furnishing information  
2 pursuant to this item (13) shall be entitled to the same  
3 rights and protections as a person furnishing information  
4 under the Adult Protective Services Act and the Illinois  
5 Domestic Violence Act of 1986.

6 (14) The disclosure of financial records or  
7 information as necessary to effect, administer, or enforce  
8 a transaction requested or authorized by the member, or in  
9 connection with:

10 (A) servicing or processing a financial product or  
11 service requested or authorized by the member;

12 (B) maintaining or servicing a member's account  
13 with the credit union; or

14 (C) a proposed or actual securitization or  
15 secondary market sale (including sales of servicing  
16 rights) related to a transaction of a member.

17 Nothing in this item (14), however, authorizes the sale  
18 of the financial records or information of a member without  
19 the consent of the member.

20 (15) The disclosure of financial records or  
21 information as necessary to protect against or prevent  
22 actual or potential fraud, unauthorized transactions,  
23 claims, or other liability.

24 (16) (a) The disclosure of financial records or  
25 information related to a private label credit program  
26 between a financial institution and a private label party



1 in connection with that private label credit program. Such  
2 information is limited to outstanding balance, available  
3 credit, payment and performance and account history,  
4 product references, purchase information, and information  
5 related to the identity of the customer.

6 (b) (1) For purposes of this paragraph (16) of  
7 subsection (b) of Section 10, a "private label credit  
8 program" means a credit program involving a financial  
9 institution and a private label party that is used by a  
10 customer of the financial institution and the private label  
11 party primarily for payment for goods or services sold,  
12 manufactured, or distributed by a private label party.

13 (2) For purposes of this paragraph (16) of subsection  
14 (b) of Section 10, a "private label party" means, with  
15 respect to a private label credit program, any of the  
16 following: a retailer, a merchant, a manufacturer, a trade  
17 group, or any such person's affiliate, subsidiary, member,  
18 agent, or service provider.

19 (c) Except as otherwise provided by this Act, a credit  
20 union may not disclose to any person, except to the member or  
21 his duly authorized agent, any financial records relating to  
22 that member of the credit union unless:

23 (1) the member has authorized disclosure to the person;

24 (2) the financial records are disclosed in response to  
25 a lawful subpoena, summons, warrant, citation to discover  
26 assets, or court order that meets the requirements of

1           subparagraph (d) of this Section; or

2           (3) the credit union is attempting to collect an  
3           obligation owed to the credit union and the credit union  
4           complies with the provisions of Section 2I of the Consumer  
5           Fraud and Deceptive Business Practices Act.

6           (d) A credit union shall disclose financial records under  
7           subparagraph (c)(2) of this Section pursuant to a lawful  
8           subpoena, summons, warrant, citation to discover assets, or  
9           court order only after the credit union mails a copy of the  
10          subpoena, summons, warrant, citation to discover assets, or  
11          court order to the person establishing the relationship with  
12          the credit union, if living, and otherwise his personal  
13          representative, if known, at his last known address by first  
14          class mail, postage prepaid unless the credit union is  
15          specifically prohibited from notifying the person by order of  
16          court or by applicable State or federal law. In the case of a  
17          grand jury subpoena, a credit union shall not mail a copy of a  
18          subpoena to any person pursuant to this subsection if the  
19          subpoena was issued by a grand jury under the Statewide Grand  
20          Jury Act or notifying the person would constitute a violation  
21          of the federal Right to Financial Privacy Act of 1978.

22          (e)(1) Any officer or employee of a credit union who  
23          knowingly and wilfully furnishes financial records in  
24          violation of this Section is guilty of a business offense and  
25          upon conviction thereof shall be fined not more than \$1,000.

26          (2) Any person who knowingly and wilfully induces or

1 attempts to induce any officer or employee of a credit union to  
2 disclose financial records in violation of this Section is  
3 guilty of a business offense and upon conviction thereof shall  
4 be fined not more than \$1,000.

5 (f) A credit union shall be reimbursed for costs which are  
6 reasonably necessary and which have been directly incurred in  
7 searching for, reproducing or transporting books, papers,  
8 records or other data of a member required or requested to be  
9 produced pursuant to a lawful subpoena, summons, warrant,  
10 citation to discover assets, or court order. The Secretary and  
11 the Director may determine, by rule, the rates and conditions  
12 under which payment shall be made. Delivery of requested  
13 documents may be delayed until final reimbursement of all costs  
14 is received.

15 (Source: P.A. 98-49, eff. 7-1-13; 99-143, eff. 7-27-15.)

16 (205 ILCS 305/62) (from Ch. 17, par. 4463)

17 Sec. 62. Liquidation.

18 (1) A credit union may elect to dissolve voluntarily and  
19 liquidate its affairs in the manner prescribed in this Section.

20 (2) The board of directors shall adopt a resolution  
21 recommending the credit union be dissolved voluntarily, and  
22 directing that the question of liquidating be submitted to the  
23 members.

24 (3) Within 10 days after the board of directors decides to  
25 submit the question of liquidation to the members, the chairman

1 or president shall notify the Secretary thereof, in writing,  
2 setting forth the reasons for the proposed action. Within 10  
3 days after the members act on the question of liquidation, the  
4 chairman or president shall notify the Secretary, in writing,  
5 as to whether or not the members approved the proposed  
6 liquidation. The Secretary then must determine whether this  
7 Section has been complied with and if his decision is  
8 favorable, he shall prepare a certificate to the effect that  
9 this Section has been complied with, a copy of which will be  
10 retained by the Department and the other copy forwarded to the  
11 credit union. The certificate must be filed with the recorder  
12 or if there is no recorder, in the office of the county clerk  
13 of the county or counties in which the credit union is  
14 operating, whereupon the credit union must cease operations  
15 except for the purpose of its liquidation.

16 (4) As soon as the board of directors passes a resolution  
17 to submit the question of liquidation to the members, payment  
18 on shares, withdrawal of shares, making any transfer of shares  
19 to loans and interest, making investments of any kind and  
20 granting loans shall be suspended pending action by members. On  
21 approval by the members of such proposal, all such operations  
22 shall be permanently discontinued. The necessary expenses of  
23 operating shall, however, continue to be paid on authorization  
24 of the board of directors or the liquidating agent during the  
25 period of liquidation.

26 (5) For a credit union to enter voluntary liquidation, it

1 must be approved by affirmative vote of the members owning a  
2 majority of the shares entitled to vote, in person or by proxy,  
3 at a regular or special meeting of the members. Notice, in  
4 writing, shall be given to each member, by first class mail, at  
5 least 10 days prior to such meeting. If liquidation is  
6 approved, the board of directors shall appoint a liquidating  
7 agent for the purpose of conserving and collecting the assets,  
8 closing the affairs of the credit union and distributing the  
9 assets as required by this Act.

10 (6) A liquidating credit union shall continue in existence  
11 for the purpose of discharging its debts, collecting and  
12 distributing its assets, and doing all acts required in order  
13 to terminate its operations and may sue and be sued for the  
14 purpose of enforcing such debts and obligations until its  
15 affairs are fully adjusted.

16 (7) Subject to such rules and regulations as the Secretary  
17 may promulgate, the liquidating agent shall use the assets of  
18 the credit union to pay; first, expenses incidental to  
19 liquidating including any surety bond that may be required;  
20 then, liabilities of the credit union; then special classes of  
21 shares. The remaining assets shall then be distributed to the  
22 members proportionately to the dollar value of the shares held  
23 by each member in relation to the total dollar value of all  
24 shares outstanding as of the date the dissolution was voted.

25 (8) As soon as the liquidating agent determines that all  
26 assets as to which there is a reasonable expectancy of sale or

1 transfer have been liquidated and distributed as set forth in  
2 this Section, he shall execute a certificate of dissolution on  
3 a form prescribed by the Department and file the same, together  
4 with all pertinent books and records of the liquidating credit  
5 union with the Department, whereupon such credit union shall be  
6 dissolved. The liquidating agent must, within 3 years after  
7 issuance of a certificate by the Secretary referred to in  
8 Subsection (3) of this Section, discharge the debts of the  
9 credit union, collect and distribute its assets and do all  
10 other acts required to wind up its business.

11 (9) If the Secretary determines that the liquidating agent  
12 has failed to make reasonable progress in the liquidating of  
13 the credit union's affairs and distribution of its assets or  
14 has violated this Act, the Secretary may take possession and  
15 control of the credit union and remove the liquidating agent  
16 and appoint a liquidating agent to complete the liquidation  
17 under his direction and control. The Secretary shall fill any  
18 vacancy caused by the resignation, death, illness, removal,  
19 desertion or incapacity to function of the liquidating agent.

20 (10) Any funds representing unclaimed dividends and shares  
21 in liquidation and remaining in the hands of the board of  
22 directors or the liquidating agent at the end of the  
23 liquidation must be deposited by them, together with all books  
24 and papers of the credit union, with the State Treasurer in  
25 compliance with the Revised Uniform ~~Disposition of~~ Unclaimed  
26 Property Act, ~~approved August 17, 1961, as amended.~~

1 (Source: P.A. 97-133, eff. 1-1-12.)

2 Section 17-65. The Currency Exchange Act is amended by  
3 changing Sections 15.1b and 19.3 as follows:

4 (205 ILCS 405/15.1b) (from Ch. 17, par. 4827)

5 Sec. 15.1b. Liquidation; distribution; priority. The  
6 General Assembly finds and declares that community currency  
7 exchanges provide important and vital services to Illinois  
8 citizens. The General Assembly also finds that in providing  
9 such services, community currency exchanges transact extensive  
10 business involving check cashing and the writing of money  
11 orders in communities in which banking services are generally  
12 unavailable. It is therefore declared to be the policy of this  
13 State that customers who receive these services must be  
14 protected from insolvencies of currency exchanges and  
15 interruptions of services. To carry out this policy and to  
16 insure that customers of community currency exchanges are  
17 protected in the event it is determined that a community  
18 currency exchange in receivership should be liquidated in  
19 accordance with Section 15.1a of this Act, the Secretary shall  
20 make a distribution of moneys collected by the receiver in the  
21 following order of priority: First, allowed claims for the  
22 actual necessary expenses of the receivership of the community  
23 currency exchange being liquidated, including (a) reasonable  
24 receiver fees and receiver's attorney's fees approved by the

1 Secretary, (b) all expenses of any preliminary or other  
2 examinations into the condition of the community currency  
3 exchange or receivership, (c) all expenses incurred by the  
4 Secretary which are incident to possession and control of any  
5 property or records of the community currency exchange, and (d)  
6 reasonable expenses incurred by the Secretary as the result of  
7 business agreements or contractual arrangements necessary to  
8 insure that the services of the community currency exchanges  
9 are delivered to the community without interruption. Said  
10 business agreements or contractual arrangements may include,  
11 but are not limited to, agreements made by the Secretary, or by  
12 the Receiver with the approval of the Secretary, with banks,  
13 money order companies, bonding companies and other types of  
14 financial institutions; Second, allowed claims by a purchaser  
15 of money orders issued on demand of the community currency  
16 exchange being liquidated; Third, allowed claims arising by  
17 virtue of and to the extent of the amount a utility customer  
18 deposits with the community currency exchange being liquidated  
19 which are not remitted to the utility company; Fourth, allowed  
20 claims arising by virtue of and to the extent of the amount  
21 paid by a purchaser of Illinois license plates, vehicle  
22 stickers sold for State and municipal governments in Illinois,  
23 and temporary Illinois registration permits purchased at the  
24 currency exchange being liquidated; Fifth, allowed unsecured  
25 claims for wages or salaries, excluding vacation, severance and  
26 sick leave pay earned by employee earned within 90 days prior



1 to the appointment of a Receiver; Sixth, secured claims;  
2 Seventh, allowed unsecured claims of any tax, and interest and  
3 penalty on the tax; Eighth, allowed unsecured claims other than  
4 a kind specified in paragraph one, two and three of this  
5 Section, filed with the Secretary within the time the Secretary  
6 fixes for filing claims; Ninth, allowed unsecured claims, other  
7 than a kind specified in paragraphs one, two and three of this  
8 Section filed with the Secretary after the time fixed for  
9 filing claims by the Secretary; Tenth, allowed creditor claims  
10 asserted by an owner, member, or stockholder of the community  
11 currency exchange in liquidation; Eleventh, after one year from  
12 the final dissolution of the currency exchange, all assets not  
13 used to satisfy allowed claims shall be distributed pro rata to  
14 the owner, owners, members, or stockholders of the currency  
15 exchange.

16 The Secretary shall pay all claims of equal priority  
17 according to the schedule set out above, and shall not pay  
18 claims of lower priority until all higher priority claims are  
19 satisfied. If insufficient assets are available to meet all  
20 claims of equal priority, those assets shall be distributed pro  
21 rata among those claims. All unclaimed assets of a currency  
22 exchange shall be deposited with the Secretary to be paid out  
23 by him when proper claims therefor are presented to the  
24 Secretary. If there are funds remaining after the conclusion of  
25 a receivership of an abandoned currency exchange, the remaining  
26 funds shall be considered unclaimed property and remitted to

1 the State Treasurer under the Revised Uniform ~~Disposition of~~  
2 Unclaimed Property Act.

3 (Source: P.A. 97-315, eff. 1-1-12.)

4 (205 ILCS 405/19.3) (from Ch. 17, par. 4838)

5 Sec. 19.3. (A) The General Assembly hereby finds and  
6 declares: community currency exchanges and ambulatory currency  
7 exchanges provide important and vital services to Illinois  
8 citizens. In so doing, they transact extensive business  
9 involving check cashing and the writing of money orders in  
10 communities in which banking services are generally  
11 unavailable. Customers of currency exchanges who receive these  
12 services must be protected from being charged unreasonable and  
13 unconscionable rates for cashing checks and purchasing money  
14 orders. The Illinois Department of Financial and Professional  
15 Regulation has the responsibility for regulating the  
16 operations of currency exchanges and has the expertise to  
17 determine reasonable maximum rates to be charged for check  
18 cashing and money order purchases. Therefore, it is in the  
19 public interest, convenience, welfare and good to have the  
20 Department establish reasonable maximum rate schedules for  
21 check cashing and the issuance of money orders and to require  
22 community and ambulatory currency exchanges to prominently  
23 display to the public the fees charged for all services. The  
24 Secretary shall review, each year, the cost of operation of the  
25 Currency Exchange Section and the revenue generated from

1 currency exchange examinations and report to the General  
2 Assembly if the need exists for an increase in the fees  
3 mandated by this Act to maintain the Currency Exchange Section  
4 at a fiscally self-sufficient level. The Secretary shall  
5 include in such report the total amount of funds remitted to  
6 the State and delivered to the State Treasurer by currency  
7 exchanges pursuant to the Revised Uniform ~~Disposition of~~  
8 Unclaimed Property Act.

9 (B) The Secretary shall, by rules adopted in accordance  
10 with the Illinois Administrative Procedure Act, expeditiously  
11 formulate and issue schedules of reasonable maximum rates which  
12 can be charged for check cashing and writing of money orders by  
13 community currency exchanges and ambulatory currency  
14 exchanges.

15 (1) In determining the maximum rate schedules for the  
16 purposes of this Section the Secretary shall take into  
17 account:

18 (a) Rates charged in the past for the cashing of  
19 checks and the issuance of money orders by community  
20 and ambulatory currency exchanges.

21 (b) Rates charged by banks or other business  
22 entities for rendering the same or similar services and  
23 the factors upon which those rates are based.

24 (c) The income, cost and expense of the operation  
25 of currency exchanges.

26 (d) Rates charged by currency exchanges or other

1 similar entities located in other states for the same  
2 or similar services and the factors upon which those  
3 rates are based.

4 (e) Rates charged by the United States Postal  
5 Service for the issuing of money orders and the factors  
6 upon which those rates are based.

7 (f) A reasonable profit for a currency exchange  
8 operation.

9 (2) (a) The schedule of reasonable maximum rates  
10 established pursuant to this Section may be modified by the  
11 Secretary from time to time pursuant to rules adopted in  
12 accordance with the Illinois Administrative Procedure Act.

13 (b) Upon the filing of a verified petition setting  
14 forth allegations demonstrating reasonable cause to  
15 believe that the schedule of maximum rates previously  
16 issued and promulgated should be adjusted, the Secretary  
17 shall expeditiously:

18 (i) reject the petition if it fails to demonstrate  
19 reasonable cause to believe that an adjustment is  
20 necessary; or

21 (ii) conduct such hearings, in accordance with  
22 this Section, as may be necessary to determine whether  
23 the petition should be granted in whole or in part.

24 (c) No petition may be filed pursuant to subparagraph  
25 (a) of paragraph (2) of subsection (B) unless:

26 (i) at least nine months have expired since the

1 last promulgation of schedules of maximum rates; and

2 (ii) at least one-fourth of all community currency  
3 exchange licensees join in a petition or, in the case  
4 of ambulatory currency exchanges, a licensee or  
5 licensees authorized to serve at least 100 locations  
6 join in a petition.

7 (3) Any currency exchange may charge lower fees than  
8 those of the applicable maximum fee schedule after filing  
9 with the Secretary a schedule of fees it proposes to use.

10 (Source: P.A. 97-315, eff. 1-1-12.)

11 Section 17-70. The Corporate Fiduciary Act is amended by  
12 changing Section 6-14 as follows:

13 (205 ILCS 620/6-14) (from Ch. 17, par. 1556-14)

14 Sec. 6-14. From time to time during receivership the  
15 Commissioner shall make and pay from monies of the corporate  
16 fiduciary a ratable dividend on all claims as may be proved to  
17 his or her satisfaction or adjudicated by the court. After one  
18 year from the entry of a judgment of dissolution, all unclaimed  
19 dividends shall be remitted to the State Treasurer in  
20 accordance with the Revised Uniform ~~Disposition of~~ Unclaimed  
21 Property Act, as now or hereafter amended, together with a list  
22 of all unpaid claimants, their last known addresses and the  
23 amounts unpaid.

24 (Source: P.A. 91-16, eff. 7-1-99.)

1           Section 17-75. The Transmitters of Money Act is amended by  
2 changing Section 30 as follows:

3           (205 ILCS 657/30)

4           Sec. 30. Surety bond.

5           (a) An applicant for a license shall post and a licensee  
6 must maintain with the Director a bond or bonds issued by  
7 corporations qualified to do business as surety companies in  
8 this State.

9           (b) The applicant or licensee shall post a bond in the  
10 amount of the greater of \$100,000 or an amount equal to the  
11 daily average of outstanding payment instruments for the  
12 preceding 12 months or operational history, whichever is  
13 shorter, up to a maximum amount of \$2,000,000. When the amount  
14 of the required bond exceeds \$1,000,000, the applicant or  
15 licensee may, in the alternative, post a bond in the amount of  
16 \$1,000,000 plus a dollar for dollar increase in the net worth  
17 of the applicant or licensee over and above the amount required  
18 in Section 20, up to a total amount of \$2,000,000.

19           (c) The bond must be in a form satisfactory to the Director  
20 and shall run to the State of Illinois for the benefit of any  
21 claimant against the applicant or licensee with respect to the  
22 receipt, handling, transmission, and payment of money by the  
23 licensee or authorized seller in connection with the licensed  
24 operations. A claimant damaged by a breach of the conditions of

1 a bond shall have a right to action upon the bond for damages  
2 suffered thereby and may bring suit directly on the bond, or  
3 the Director may bring suit on behalf of the claimant.

4 (d) (Blank).

5 (e) (Blank).

6 (f) After receiving a license, the licensee must maintain  
7 the required bond plus net worth (if applicable) until 5 years  
8 after it ceases to do business in this State unless all  
9 outstanding payment instruments are eliminated or the  
10 provisions under the Revised Uniform ~~Disposition of~~ Unclaimed  
11 Property Act have become operative and are adhered to by the  
12 licensee. Notwithstanding this provision, however, the amount  
13 required to be maintained may be reduced to the extent that the  
14 amount of the licensee's payment instruments outstanding in  
15 this State are reduced.

16 (g) If the Director at any time reasonably determines that  
17 the required bond is insecure, deficient in amount, or  
18 exhausted in whole or in part, he may in writing require the  
19 filing of a new or supplemental bond in order to secure  
20 compliance with this Act and may demand compliance with the  
21 requirement within 30 days following service on the licensee.

22 (Source: P.A. 92-400, eff. 1-1-02.)

23 Section 17-80. The Adverse Claims to Deposit Accounts Act  
24 is amended by changing Section 10 as follows:

1 (205 ILCS 700/10)

2 Sec. 10. Application of Act. This Act shall not preempt:

3 (1) the Revised Uniform ~~Disposition of~~ Unclaimed Property  
4 Act, nor shall any provision of this Act be construed to  
5 relieve any holder, including a financial institution, from  
6 reporting and remitting all unclaimed property, including  
7 deposit accounts, under the Revised Uniform ~~Disposition of~~  
8 Unclaimed Property Act;

9 (2) the Uniform Commercial Code, nor shall any provision of  
10 this Act be construed as affecting the rights of a person with  
11 respect to a deposit account under the Uniform Commercial Code;

12 (3) the provisions of Section 2-1402 of the Code of Civil  
13 Procedure, nor shall any provision of this Act be construed as  
14 affecting the rights of a person with respect to a deposit  
15 account under Section 2-1402 of the Code of Civil Procedure;

16 (4) the provisions of Part 7 of Article II of the Code of  
17 Civil Procedure, nor shall any provision of this Act be  
18 construed as affecting the rights of a person with respect to a  
19 deposit account under the provisions of Part 7 of Article II of  
20 the Code of Civil Procedure;

21 (5) the provisions of Article XXV of the Probate Act of  
22 1975, nor shall any provision of this Act be construed as  
23 affecting the rights of a person with respect to a deposit  
24 account under the provisions of Article XXV of the Probate Act  
25 of 1975; or

26 (6) the Safety Deposit Box Opening Act, nor shall any



1 provision of this Act be construed as affecting the rights of a  
2 person with respect to a deposit account under the Safety  
3 Deposit Box Opening Act.

4 (Source: P.A. 89-601, eff. 8-2-96.)

5 Section 17-85. The Illinois Insurance Code is amended by  
6 changing Section 210 as follows:

7 (215 ILCS 5/210) (from Ch. 73, par. 822)

8 Sec. 210. Distribution of assets; priorities; unpaid  
9 dividends.

10 (1) Any time after the last day fixed for the filing of  
11 proofs of claims in the liquidation of a company, the court  
12 may, upon the application of the Director authorize him to  
13 declare out of the funds remaining in his hands, one or more  
14 dividends upon all claims allowed in accordance with the  
15 priorities established in Section 205.

16 (2) Where there has been no adjudication of insolvency, the  
17 Director shall pay all allowed claims in full in accordance  
18 with the priorities set forth in Section 205. The director  
19 shall not be chargeable for any assets so distributed to any  
20 claimant who has failed to file a proper proof of claim before  
21 such distribution has been made.

22 (3) When subsequent to an adjudication of insolvency,  
23 pursuant to Section 208, a surplus is found to exist after the  
24 payment in full of all allowed claims falling within the

1 priorities set forth in paragraphs (a), (b), (c), (d), (e), (f)  
2 and (g) of subsection (1) of Section 205 and which have been  
3 duly filed prior to the last date fixed for the filing thereof,  
4 and after the setting aside of a reserve for all additional  
5 costs and expenses of the proceeding, the court shall set a new  
6 date for the filing of claims. After the expiration of the new  
7 date, all allowed claims filed on or before said new date  
8 together with all previously allowed claims falling within the  
9 priorities set forth in paragraphs (h) and (i) of subsection  
10 (1) of Section 205 shall be paid in accordance with the  
11 priorities set forth in Section 205.

12 (4) Dividends remaining unclaimed or unpaid in the hands of  
13 the Director for 6 months after the final order of distribution  
14 may be by him deposited in one or more savings and loan  
15 associations, State or national banks, trust companies or  
16 savings banks to the credit of the Director, whomsoever he may  
17 be, in trust for the person entitled thereto, but no such  
18 person shall be entitled to any interest upon such deposit. All  
19 such deposits shall be entitled to priority of payment in case  
20 of the insolvency or voluntary or involuntary liquidation of  
21 the depository on an equality with any other priority given by  
22 the banking law. Any such funds together with interest, if any,  
23 paid or credited thereon, remaining and unclaimed in the hands  
24 of the Director in Trust after 2 years shall be presumed  
25 abandoned and reported and delivered to the State Treasurer and  
26 become subject to the provisions of the Revised Uniform

1 ~~Disposition of~~ Unclaimed Property Act.

2 (Source: P.A. 91-16, eff. 7-1-99.)

3 Section 17-90. The Unclaimed Life Insurance Benefits Act is  
4 amended by changing Sections 5, 15, and 20 as follows:

5 (215 ILCS 185/5)

6 Sec. 5. Purpose. This Act shall require recognition of the  
7 Revised Uniform ~~Disposition of~~ Unclaimed Property Act and  
8 require the complete and proper disclosure, transparency, and  
9 accountability relating to any method of payment for life  
10 insurance, annuity, or retained asset agreement death  
11 benefits.

12 (Source: P.A. 99-893, eff. 1-1-17.)

13 (215 ILCS 185/15)

14 Sec. 15. Insurer conduct.

15 (a) An insurer shall initially perform a comparison of its  
16 insureds', annuitants', and retained asset account holders'  
17 in-force policies, annuity contracts, and retained asset  
18 accounts by using the full Death Master File. The initial  
19 comparison shall be completed on or before December 31, 2017,  
20 unless extended by the Department pursuant to administrative  
21 rule. Thereafter, an insurer shall perform a comparison on at  
22 least a semi-annual basis using the Death Master File update  
23 files for comparisons to identify potential matches of its

1 insureds, annuitants, and retained asset account holders. In  
2 the event that one of the insurer's lines of business conducts  
3 a search for matches of its insureds, annuitants, and retained  
4 asset account holders against the Death Master File at  
5 intervals more frequently than semi-annually, then all lines of  
6 the insurer's business shall conduct searches for matches  
7 against the Death Master File with the same frequency.

8 An insured, an annuitant, or a retained asset account  
9 holder is presumed dead if the date of his or her death is  
10 indicated by the comparison required in this subsection (a),  
11 unless the insurer has competent and substantial evidence that  
12 the person is living, including, but not limited to, a contact  
13 made by the insurer with the person or his or her legal  
14 representative.

15 For those potential matches identified as a result of a  
16 Death Master File match, the insurer shall within 120 days  
17 after the date of death notice, if the insurer has not been  
18 contacted by a beneficiary, determine whether benefits are due  
19 in accordance with the applicable policy or contract and, if  
20 benefits are due in accordance with the applicable policy or  
21 contract:

22 (1) use good faith efforts, which shall be documented  
23 by the insurer, to locate the beneficiary or beneficiaries;  
24 the Department shall establish by administrative rule  
25 minimum standards for what constitutes good faith efforts  
26 to locate a beneficiary, which shall include: (A) searching

1 insurer records; (B) the appropriate use of First Class  
2 United States mail, e-mail addresses, and telephone calls;  
3 and (C) reasonable efforts by insurers to obtain updated  
4 contact information for the beneficiary or beneficiaries;  
5 good faith efforts shall not include additional attempts to  
6 contact the beneficiary at an address already confirmed not  
7 to be current; and

8 (2) provide the appropriate claims forms or  
9 instructions to the beneficiary or beneficiaries to make a  
10 claim, including the need to provide an official death  
11 certificate if applicable under the policy or annuity  
12 contract.

13 (b) Insurers shall implement procedures to account for the  
14 following when conducting searches of the Death Master File:

15 (1) common nicknames, initials used in lieu of a first  
16 or middle name, use of a middle name, compound first and  
17 middle names, and interchanged first and middle names;

18 (2) compound last names, maiden or married names, and  
19 hyphens, blank spaces, or apostrophes in last names;

20 (3) transposition of the "month" and "date" portions of  
21 the date of birth; and

22 (4) incomplete social security numbers.

23 (c) To the extent permitted by law, an insurer may disclose  
24 the minimum necessary personal information about the insured,  
25 annuity owner, retained asset account holder, or beneficiary to  
26 a person whom the insurer reasonably believes may be able to

1 assist the insurer with locating the beneficiary or a person  
2 otherwise entitled to payment of the claims proceeds.

3 (d) An insurer or its service provider shall not charge any  
4 beneficiary or other authorized representative for any fees or  
5 costs associated with a Death Master File search or  
6 verification of a Death Master File match conducted pursuant to  
7 this Act.

8 (e) The benefits from a policy, annuity contract, or a  
9 retained asset account, plus any applicable accrued interest,  
10 shall first be payable to the designated beneficiaries or  
11 owners and, in the event the beneficiaries or owners cannot be  
12 found, shall be reported and delivered to the State Treasurer  
13 pursuant to the Revised Uniform ~~Disposition of~~ Unclaimed  
14 Property Act. Nothing in this subsection (e) is intended to  
15 alter the amounts reportable under the existing provisions of  
16 the Revised Uniform ~~Disposition of~~ Unclaimed Property Act or to  
17 allow the imposition of additional statutory interest under  
18 Article XIV of the Illinois Insurance Code.

19 (f) Failure to meet any requirement of this Section with  
20 such frequency as to constitute a general business practice is  
21 a violation of Section 424 of the Illinois Insurance Code.  
22 Nothing in this Section shall be construed to create or imply a  
23 private cause of action for a violation of this Section.

24 (Source: P.A. 99-893, eff. 1-1-17.)

1           Sec. 20. Revised Uniform ~~Disposition of~~ Unclaimed Property  
2 Act. Nothing in this Act shall be construed to amend, modify,  
3 or supersede the Revised Uniform ~~Disposition of~~ Unclaimed  
4 Property Act, including the authority of the State Treasurer to  
5 examine the records of any person if the State Treasurer has  
6 reason to believe that such person has failed to report  
7 property that should have been reported pursuant to the Revised  
8 Uniform ~~Disposition of~~ Unclaimed Property Act.

9           (Source: P.A. 99-893, eff. 1-1-17.)

10           Section 17-95. The Real Estate License Act of 2000 is  
11 amended by changing Section 20-20 as follows:

12           (225 ILCS 454/20-20)

13           (Section scheduled to be repealed on January 1, 2020)

14           Sec. 20-20. Grounds for discipline.

15           (a) The Department may refuse to issue or renew a license,  
16 may place on probation, suspend, or revoke any license,  
17 reprimand, or take any other disciplinary or non-disciplinary  
18 action as the Department may deem proper and impose a fine not  
19 to exceed \$25,000 upon any licensee or applicant under this Act  
20 or any person who holds himself or herself out as an applicant  
21 or licensee or against a licensee in handling his or her own  
22 property, whether held by deed, option, or otherwise, for any  
23 one or any combination of the following causes:

24           (1) Fraud or misrepresentation in applying for, or

1           procuring, a license under this Act or in connection with  
2           applying for renewal of a license under this Act.

3           (2) The conviction of or plea of guilty or plea of nolo  
4           contendere to a felony or misdemeanor in this State or any  
5           other jurisdiction; or the entry of an administrative  
6           sanction by a government agency in this State or any other  
7           jurisdiction. Action taken under this paragraph (2) for a  
8           misdemeanor or an administrative sanction is limited to a  
9           misdemeanor or administrative sanction that has as an  
10          essential element dishonesty or fraud or involves larceny,  
11          embezzlement, or obtaining money, property, or credit by  
12          false pretenses or by means of a confidence game.

13          (3) Inability to practice the profession with  
14          reasonable judgment, skill, or safety as a result of a  
15          physical illness, including, but not limited to,  
16          deterioration through the aging process or loss of motor  
17          skill, or a mental illness or disability.

18          (4) Practice under this Act as a licensee in a retail  
19          sales establishment from an office, desk, or space that is  
20          not separated from the main retail business by a separate  
21          and distinct area within the establishment.

22          (5) Having been disciplined by another state, the  
23          District of Columbia, a territory, a foreign nation, or a  
24          governmental agency authorized to impose discipline if at  
25          least one of the grounds for that discipline is the same as  
26          or the equivalent of one of the grounds for which a



1 licensee may be disciplined under this Act. A certified  
2 copy of the record of the action by the other state or  
3 jurisdiction shall be prima facie evidence thereof.

4 (6) Engaging in the practice of real estate brokerage  
5 without a license or after the licensee's license was  
6 expired or while the license was inoperative.

7 (7) Cheating on or attempting to subvert the Real  
8 Estate License Exam or continuing education exam.

9 (8) Aiding or abetting an applicant to subvert or cheat  
10 on the Real Estate License Exam or continuing education  
11 exam administered pursuant to this Act.

12 (9) Advertising that is inaccurate, misleading, or  
13 contrary to the provisions of the Act.

14 (10) Making any substantial misrepresentation or  
15 untruthful advertising.

16 (11) Making any false promises of a character likely to  
17 influence, persuade, or induce.

18 (12) Pursuing a continued and flagrant course of  
19 misrepresentation or the making of false promises through  
20 licensees, employees, agents, advertising, or otherwise.

21 (13) Any misleading or untruthful advertising, or  
22 using any trade name or insignia of membership in any real  
23 estate organization of which the licensee is not a member.

24 (14) Acting for more than one party in a transaction  
25 without providing written notice to all parties for whom  
26 the licensee acts.

1           (15) Representing or attempting to represent a broker  
2 other than the sponsoring broker.

3           (16) Failure to account for or to remit any moneys or  
4 documents coming into his or her possession that belong to  
5 others.

6           (17) Failure to maintain and deposit in a special  
7 account, separate and apart from personal and other  
8 business accounts, all escrow moneys belonging to others  
9 entrusted to a licensee while acting as a broker, escrow  
10 agent, or temporary custodian of the funds of others or  
11 failure to maintain all escrow moneys on deposit in the  
12 account until the transactions are consummated or  
13 terminated, except to the extent that the moneys, or any  
14 part thereof, shall be:

15           (A) disbursed prior to the consummation or  
16 termination (i) in accordance with the written  
17 direction of the principals to the transaction or their  
18 duly authorized agents, (ii) in accordance with  
19 directions providing for the release, payment, or  
20 distribution of escrow moneys contained in any written  
21 contract signed by the principals to the transaction or  
22 their duly authorized agents, or (iii) pursuant to an  
23 order of a court of competent jurisdiction; or

24           (B) deemed abandoned and transferred to the Office  
25 of the State Treasurer to be handled as unclaimed  
26 property pursuant to the Revised Uniform ~~Disposition~~

1           ~~of~~ Unclaimed Property Act. Escrow moneys may be deemed  
2           abandoned under this subparagraph (B) only: (i) in the  
3           absence of disbursement under subparagraph (A); (ii)  
4           in the absence of notice of the filing of any claim in  
5           a court of competent jurisdiction; and (iii) if 6  
6           months have elapsed after the receipt of a written  
7           demand for the escrow moneys from one of the principals  
8           to the transaction or the principal's duly authorized  
9           agent.

10          The account shall be noninterest bearing, unless the  
11          character of the deposit is such that payment of interest  
12          thereon is otherwise required by law or unless the  
13          principals to the transaction specifically require, in  
14          writing, that the deposit be placed in an interest bearing  
15          account.

16          (18) Failure to make available to the Department all  
17          escrow records and related documents maintained in  
18          connection with the practice of real estate within 24 hours  
19          of a request for those documents by Department personnel.

20          (19) Failing to furnish copies upon request of  
21          documents relating to a real estate transaction to a party  
22          who has executed that document.

23          (20) Failure of a sponsoring broker to timely provide  
24          information, sponsor cards, or termination of licenses to  
25          the Department.

26          (21) Engaging in dishonorable, unethical, or

1 unprofessional conduct of a character likely to deceive,  
2 defraud, or harm the public.

3 (22) Commingling the money or property of others with  
4 his or her own money or property.

5 (23) Employing any person on a purely temporary or  
6 single deal basis as a means of evading the law regarding  
7 payment of commission to nonlicensees on some contemplated  
8 transactions.

9 (24) Permitting the use of his or her license as a  
10 broker to enable a leasing agent or unlicensed person to  
11 operate a real estate business without actual  
12 participation therein and control thereof by the broker.

13 (25) Any other conduct, whether of the same or a  
14 different character from that specified in this Section,  
15 that constitutes dishonest dealing.

16 (26) Displaying a "for rent" or "for sale" sign on any  
17 property without the written consent of an owner or his or  
18 her duly authorized agent or advertising by any means that  
19 any property is for sale or for rent without the written  
20 consent of the owner or his or her authorized agent.

21 (27) Failing to provide information requested by the  
22 Department, or otherwise respond to that request, within 30  
23 days of the request.

24 (28) Advertising by means of a blind advertisement,  
25 except as otherwise permitted in Section 10-30 of this Act.

26 (29) Offering guaranteed sales plans, as defined in

1 clause (A) of this subdivision (29), except to the extent  
2 hereinafter set forth:

3 (A) A "guaranteed sales plan" is any real estate  
4 purchase or sales plan whereby a licensee enters into a  
5 conditional or unconditional written contract with a  
6 seller, prior to entering into a brokerage agreement  
7 with the seller, by the terms of which a licensee  
8 agrees to purchase a property of the seller within a  
9 specified period of time at a specific price in the  
10 event the property is not sold in accordance with the  
11 terms of a brokerage agreement to be entered into  
12 between the sponsoring broker and the seller.

13 (B) A licensee offering a guaranteed sales plan  
14 shall provide the details and conditions of the plan in  
15 writing to the party to whom the plan is offered.

16 (C) A licensee offering a guaranteed sales plan  
17 shall provide to the party to whom the plan is offered  
18 evidence of sufficient financial resources to satisfy  
19 the commitment to purchase undertaken by the broker in  
20 the plan.

21 (D) Any licensee offering a guaranteed sales plan  
22 shall undertake to market the property of the seller  
23 subject to the plan in the same manner in which the  
24 broker would market any other property, unless the  
25 agreement with the seller provides otherwise.

26 (E) The licensee cannot purchase seller's property

1           until the brokerage agreement has ended according to  
2           its terms or is otherwise terminated.

3           (F) Any licensee who fails to perform on a  
4           guaranteed sales plan in strict accordance with its  
5           terms shall be subject to all the penalties provided in  
6           this Act for violations thereof and, in addition, shall  
7           be subject to a civil fine payable to the party injured  
8           by the default in an amount of up to \$25,000.

9           (30) Influencing or attempting to influence, by any  
10          words or acts, a prospective seller, purchaser, occupant,  
11          landlord, or tenant of real estate, in connection with  
12          viewing, buying, or leasing real estate, so as to promote  
13          or tend to promote the continuance or maintenance of  
14          racially and religiously segregated housing or so as to  
15          retard, obstruct, or discourage racially integrated  
16          housing on or in any street, block, neighborhood, or  
17          community.

18          (31) Engaging in any act that constitutes a violation  
19          of any provision of Article 3 of the Illinois Human Rights  
20          Act, whether or not a complaint has been filed with or  
21          adjudicated by the Human Rights Commission.

22          (32) Inducing any party to a contract of sale or lease  
23          or brokerage agreement to break the contract of sale or  
24          lease or brokerage agreement for the purpose of  
25          substituting, in lieu thereof, a new contract for sale or  
26          lease or brokerage agreement with a third party.

1           (33) Negotiating a sale, exchange, or lease of real  
2           estate directly with any person if the licensee knows that  
3           the person has an exclusive brokerage agreement with  
4           another broker, unless specifically authorized by that  
5           broker.

6           (34) When a licensee is also an attorney, acting as the  
7           attorney for either the buyer or the seller in the same  
8           transaction in which the licensee is acting or has acted as  
9           a managing broker or broker.

10          (35) Advertising or offering merchandise or services  
11          as free if any conditions or obligations necessary for  
12          receiving the merchandise or services are not disclosed in  
13          the same advertisement or offer. These conditions or  
14          obligations include without limitation the requirement  
15          that the recipient attend a promotional activity or visit a  
16          real estate site. As used in this subdivision (35), "free"  
17          includes terms such as "award", "prize", "no charge", "free  
18          of charge", "without charge", and similar words or phrases  
19          that reasonably lead a person to believe that he or she may  
20          receive or has been selected to receive something of value,  
21          without any conditions or obligations on the part of the  
22          recipient.

23          (36) Disregarding or violating any provision of the  
24          Land Sales Registration Act of 1989, the Illinois Real  
25          Estate Time-Share Act, or the published rules promulgated  
26          by the Department to enforce those Acts.

1           (37) Violating the terms of a disciplinary order issued  
2 by the Department.

3           (38) Paying or failing to disclose compensation in  
4 violation of Article 10 of this Act.

5           (39) Requiring a party to a transaction who is not a  
6 client of the licensee to allow the licensee to retain a  
7 portion of the escrow moneys for payment of the licensee's  
8 commission or expenses as a condition for release of the  
9 escrow moneys to that party.

10           (40) Disregarding or violating any provision of this  
11 Act or the published rules promulgated by the Department to  
12 enforce this Act or aiding or abetting any individual,  
13 partnership, registered limited liability partnership,  
14 limited liability company, or corporation in disregarding  
15 any provision of this Act or the published rules  
16 promulgated by the Department to enforce this Act.

17           (41) Failing to provide the minimum services required  
18 by Section 15-75 of this Act when acting under an exclusive  
19 brokerage agreement.

20           (42) Habitual or excessive use or addiction to alcohol,  
21 narcotics, stimulants, or any other chemical agent or drug  
22 that results in a managing broker, broker, or leasing  
23 agent's inability to practice with reasonable skill or  
24 safety.

25           (43) Enabling, aiding, or abetting an auctioneer, as  
26 defined in the Auction License Act, to conduct a real



1 estate auction in a manner that is in violation of this  
2 Act.

3 (b) The Department may refuse to issue or renew or may  
4 suspend the license of any person who fails to file a return,  
5 pay the tax, penalty or interest shown in a filed return, or  
6 pay any final assessment of tax, penalty, or interest, as  
7 required by any tax Act administered by the Department of  
8 Revenue, until such time as the requirements of that tax Act  
9 are satisfied in accordance with subsection (g) of Section  
10 2105-15 of the Civil Administrative Code of Illinois.

11 (c) The Department shall deny a license or renewal  
12 authorized by this Act to a person who has defaulted on an  
13 educational loan or scholarship provided or guaranteed by the  
14 Illinois Student Assistance Commission or any governmental  
15 agency of this State in accordance with item (5) of subsection  
16 (a) of Section 2105-15 of the Civil Administrative Code of  
17 Illinois.

18 (d) In cases where the Department of Healthcare and Family  
19 Services (formerly Department of Public Aid) has previously  
20 determined that a licensee or a potential licensee is more than  
21 30 days delinquent in the payment of child support and has  
22 subsequently certified the delinquency to the Department may  
23 refuse to issue or renew or may revoke or suspend that person's  
24 license or may take other disciplinary action against that  
25 person based solely upon the certification of delinquency made  
26 by the Department of Healthcare and Family Services in

1 accordance with item (5) of subsection (a) of Section 2105-15  
2 of the Civil Administrative Code of Illinois.

3 (e) In enforcing this Section, the Department or Board upon  
4 a showing of a possible violation may compel an individual  
5 licensed to practice under this Act, or who has applied for  
6 licensure under this Act, to submit to a mental or physical  
7 examination, or both, as required by and at the expense of the  
8 Department. The Department or Board may order the examining  
9 physician to present testimony concerning the mental or  
10 physical examination of the licensee or applicant. No  
11 information shall be excluded by reason of any common law or  
12 statutory privilege relating to communications between the  
13 licensee or applicant and the examining physician. The  
14 examining physicians shall be specifically designated by the  
15 Board or Department. The individual to be examined may have, at  
16 his or her own expense, another physician of his or her choice  
17 present during all aspects of this examination. Failure of an  
18 individual to submit to a mental or physical examination, when  
19 directed, shall be grounds for suspension of his or her license  
20 until the individual submits to the examination if the  
21 Department finds, after notice and hearing, that the refusal to  
22 submit to the examination was without reasonable cause.

23 If the Department or Board finds an individual unable to  
24 practice because of the reasons set forth in this Section, the  
25 Department or Board may require that individual to submit to  
26 care, counseling, or treatment by physicians approved or

1 designated by the Department or Board, as a condition, term, or  
2 restriction for continued, reinstated, or renewed licensure to  
3 practice; or, in lieu of care, counseling, or treatment, the  
4 Department may file, or the Board may recommend to the  
5 Department to file, a complaint to immediately suspend, revoke,  
6 or otherwise discipline the license of the individual. An  
7 individual whose license was granted, continued, reinstated,  
8 renewed, disciplined or supervised subject to such terms,  
9 conditions, or restrictions, and who fails to comply with such  
10 terms, conditions, or restrictions, shall be referred to the  
11 Secretary for a determination as to whether the individual  
12 shall have his or her license suspended immediately, pending a  
13 hearing by the Department.

14 In instances in which the Secretary immediately suspends a  
15 person's license under this Section, a hearing on that person's  
16 license must be convened by the Department within 30 days after  
17 the suspension and completed without appreciable delay. The  
18 Department and Board shall have the authority to review the  
19 subject individual's record of treatment and counseling  
20 regarding the impairment to the extent permitted by applicable  
21 federal statutes and regulations safeguarding the  
22 confidentiality of medical records.

23 An individual licensed under this Act and affected under  
24 this Section shall be afforded an opportunity to demonstrate to  
25 the Department or Board that he or she can resume practice in  
26 compliance with acceptable and prevailing standards under the

1 provisions of his or her license.

2 (Source: P.A. 98-553, eff. 1-1-14; 98-756, eff. 7-16-14;  
3 99-227, eff. 8-3-15.)

4 Section 17-100. The Code of Criminal Procedure of 1963 is  
5 amended by changing Section 110-17 as follows:

6 (725 ILCS 5/110-17) (from Ch. 38, par. 110-17)

7 Sec. 110-17. Unclaimed Bail Deposits. Notwithstanding the  
8 provisions of the Revised Uniform ~~Disposition~~ of Unclaimed  
9 Property Act, any sum of money deposited by any person to  
10 secure his release from custody which remains unclaimed by the  
11 person entitled to its return for 3 years after the conditions  
12 of the bail bond have been performed and the accused has been  
13 discharged from all obligations in the cause shall be presumed  
14 to be abandoned.

15 (a) The clerk of the circuit court, as soon thereafter as  
16 practicable, shall cause notice to be published once, in  
17 English, in a newspaper or newspapers of general circulation in  
18 the county wherein the deposit of bond was received.

19 (b) The published notice shall be entitled "Notice of  
20 Persons Appearing to be Owners of Abandoned Property" and shall  
21 contain:

22 (1) The names, in alphabetical order, of persons to  
23 whom the notice is directed.

24 (2) A statement that information concerning the amount

1 of the property may be obtained by any persons possessing  
2 an interest in the property by making an inquiry at the  
3 office of the clerk of the circuit court at a location  
4 designated by him.

5 (3) A statement that if proof of claim is not presented  
6 by the owner to the clerk of the circuit court and if the  
7 owner's right to receive the property is not established to  
8 the satisfaction of the clerk of the court within 65 days  
9 from the date of the published notice, the abandoned  
10 property will be placed in the custody of the treasurer of  
11 the county, not later than 85 days after such publication,  
12 to whom all further claims must thereafter be directed. If  
13 the claim is established as aforesaid and after deducting  
14 an amount not to exceed \$20 to cover the cost of notice  
15 publication and related clerical expenses, the clerk of the  
16 court shall make payment to the person entitled thereto.

17 (4) The clerk of the circuit court is not required to  
18 publish in such notice any items of less than \$100 unless  
19 he deems such publication in the public interest.

20 (c) Any clerk of the circuit court who has caused notice to  
21 be published as provided by this Section shall, within 20 days  
22 after the time specified in this Section for claiming the  
23 property from the clerk of the court, pay or deliver to the  
24 treasurer of the county having jurisdiction of the offense,  
25 whether the bond was taken there or any other county, all sums  
26 deposited as specified in this section less such amounts as may

1 have been returned to the persons whose rights to receive the  
2 sums deposited have been established to the satisfaction of the  
3 clerk of the circuit court. Any clerk of the circuit court who  
4 transfers such sums to the county treasury including sums  
5 deposited by persons whose names are not required to be set  
6 forth in the published notice aforesaid, is relieved of all  
7 liability for such sums as have been transferred as unclaimed  
8 bail deposits or any claim which then exists or which  
9 thereafter may arise or be made in respect to such sums.

10 (d) The treasurer of the county shall keep just and true  
11 accounts of all moneys paid into the treasury, and if any  
12 person appears within 5 years after the deposit of moneys by  
13 the clerk of the circuit court and claims any money paid into  
14 the treasury, he shall file a claim therefor on the form  
15 prescribed by the treasurer of the county who shall consider  
16 any claim filed under this Act and who may, in his discretion,  
17 hold a hearing and receive evidence concerning it. The  
18 treasurer of the county shall prepare a finding and the  
19 decision in writing on each hearing, stating the substance of  
20 any evidence heard by him, his findings of fact in respect  
21 thereto, and the reasons for his decision. The decision shall  
22 be a public record.

23 (e) All claims which are not filed within the 5 year period  
24 shall be forever barred.

25 (Source: P.A. 85-768.)

1           Section 17-105. The Probate Act of 1975 is amended by  
2 changing Sections 2-1 and 2-2 as follows:

3           (755 ILCS 5/2-1) (from Ch. 110 1/2, par. 2-1)

4           Sec. 2-1. Rules of descent and distribution. The intestate  
5 real and personal estate of a resident decedent and the  
6 intestate real estate in this State of a nonresident decedent,  
7 after all just claims against his estate are fully paid,  
8 descends and shall be distributed as follows:

9           (a) If there is a surviving spouse and also a descendant of  
10 the decedent: 1/2 of the entire estate to the surviving spouse  
11 and 1/2 to the decedent's descendants per stirpes.

12           (b) If there is no surviving spouse but a descendant of the  
13 decedent: the entire estate to the decedent's descendants per  
14 stirpes.

15           (c) If there is a surviving spouse but no descendant of the  
16 decedent: the entire estate to the surviving spouse.

17           (d) If there is no surviving spouse or descendant but a  
18 parent, brother, sister or descendant of a brother or sister of  
19 the decedent: the entire estate to the parents, brothers and  
20 sisters of the decedent in equal parts, allowing to the  
21 surviving parent if one is dead a double portion and to the  
22 descendants of a deceased brother or sister per stirpes the  
23 portion which the deceased brother or sister would have taken  
24 if living.

25           (e) If there is no surviving spouse, descendant, parent,

1 brother, sister or descendant of a brother or sister of the  
2 decedent but a grandparent or descendant of a grandparent of  
3 the decedent: (1) 1/2 of the entire estate to the decedent's  
4 maternal grandparents in equal parts or to the survivor of  
5 them, or if there is none surviving, to their descendants per  
6 stirpes, and (2) 1/2 of the entire estate to the decedent's  
7 paternal grandparents in equal parts or to the survivor of  
8 them, or if there is none surviving, to their descendants per  
9 stirpes. If there is no surviving paternal grandparent or  
10 descendant of a paternal grandparent, but a maternal  
11 grandparent or descendant of a maternal grandparent of the  
12 decedent: the entire estate to the decedent's maternal  
13 grandparents in equal parts or to the survivor of them, or if  
14 there is none surviving, to their descendants per stirpes. If  
15 there is no surviving maternal grandparent or descendant of a  
16 maternal grandparent, but a paternal grandparent or descendant  
17 of a paternal grandparent of the decedent: the entire estate to  
18 the decedent's paternal grandparents in equal parts or to the  
19 survivor of them, or if there is none surviving, to their  
20 descendants per stirpes.

21 (f) If there is no surviving spouse, descendant, parent,  
22 brother, sister, descendant of a brother or sister or  
23 grandparent or descendant of a grandparent of the decedent: (1)  
24 1/2 of the entire estate to the decedent's maternal  
25 great-grandparents in equal parts or to the survivor of them,  
26 or if there is none surviving, to their descendants per



1 stirpes, and (2) 1/2 of the entire estate to the decedent's  
2 paternal great-grandparents in equal parts or to the survivor  
3 of them, or if there is none surviving, to their descendants  
4 per stirpes. If there is no surviving paternal  
5 great-grandparent or descendant of a paternal  
6 great-grandparent, but a maternal great-grandparent or  
7 descendant of a maternal great-grandparent of the decedent: the  
8 entire estate to the decedent's maternal great-grandparents in  
9 equal parts or to the survivor of them, or if there is none  
10 surviving, to their descendants per stirpes. If there is no  
11 surviving maternal great-grandparent or descendant of a  
12 maternal great-grandparent, but a paternal great-grandparent  
13 or descendant of a paternal great-grandparent of the decedent:  
14 the entire estate to the decedent's paternal  
15 great-grandparents in equal parts or to the survivor of them,  
16 or if there is none surviving, to their descendants per  
17 stirpes.

18 (g) If there is no surviving spouse, descendant, parent,  
19 brother, sister, descendant of a brother or sister,  
20 grandparent, descendant of a grandparent, great-grandparent or  
21 descendant of a great-grandparent of the decedent: the entire  
22 estate in equal parts to the nearest kindred of the decedent in  
23 equal degree (computing by the rules of the civil law) and  
24 without representation.

25 (h) If there is no surviving spouse and no known kindred of  
26 the decedent: the real estate escheats to the county in which

1 it is located; the personal estate physically located within  
2 this State and the personal estate physically located or held  
3 outside this State which is the subject of ancillary  
4 administration of an estate being administered within this  
5 State escheats to the county of which the decedent was a  
6 resident, or, if the decedent was not a resident of this State,  
7 to the county in which it is located; all other personal  
8 property of the decedent of every class and character, wherever  
9 situate, or the proceeds thereof, shall escheat to this State  
10 and be delivered to the State Treasurer pursuant to the Revised  
11 Uniform ~~Disposition of~~ Unclaimed Property Act.

12 In no case is there any distinction between the kindred of  
13 the whole and the half blood.

14 (Source: P.A. 91-16, eff. 7-1-99.)

15 (755 ILCS 5/2-2) (from Ch. 110 1/2, par. 2-2)

16 Sec. 2-2. Children born out of wedlock. The intestate real  
17 and personal estate of a resident decedent who was a child born  
18 out of wedlock at the time of death and the intestate real  
19 estate in this State of a nonresident decedent who was a child  
20 born out of wedlock at the time of death, after all just claims  
21 against his estate are fully paid, descends and shall be  
22 distributed as provided in Section 2-1, subject to Section  
23 2-6.5 of this Act, if both parents are eligible parents. As  
24 used in this Section, "eligible parent" means a parent of the  
25 decedent who, during the decedent's lifetime, acknowledged the

1 decedent as the parent's child, established a parental  
2 relationship with the decedent, and supported the decedent as  
3 the parent's child. "Eligible parents" who are in arrears of in  
4 excess of one year's child support obligations shall not  
5 receive any property benefit or other interest of the decedent  
6 unless and until a court of competent jurisdiction makes a  
7 determination as to the effect on the deceased of the arrearage  
8 and allows a reduced benefit. In no event shall the reduction  
9 of the benefit or other interest be less than the amount of  
10 child support owed for the support of the decedent at the time  
11 of death. The court's considerations shall include but are not  
12 limited to the considerations in subsections (1) through (3) of  
13 Section 2-6.5 of this Act.

14 If neither parent is an eligible parent, the intestate real  
15 and personal estate of a resident decedent who was a child born  
16 out of wedlock at the time of death and the intestate real  
17 estate in this State of a nonresident decedent who was a child  
18 born out of wedlock at the time of death, after all just claims  
19 against his or her estate are fully paid, descends and shall be  
20 distributed as provided in Section 2-1, but the parents of the  
21 decedent shall be treated as having predeceased the decedent.

22 If only one parent is an eligible parent, the intestate  
23 real and personal estate of a resident decedent who was a child  
24 born out of wedlock at the time of death and the intestate real  
25 estate in this State of a nonresident decedent who was a child  
26 born out of wedlock at the time of death, after all just claims

1 against his or her estate are fully paid, subject to Section  
2 2-6.5 of this Act, descends and shall be distributed as  
3 follows:

4 (a) If there is a surviving spouse and also a descendant of  
5 the decedent: 1/2 of the entire estate to the surviving spouse  
6 and 1/2 to the decedent's descendants per stirpes.

7 (b) If there is no surviving spouse but a descendant of the  
8 decedent: the entire estate to the decedent's descendants per  
9 stirpes.

10 (c) If there is a surviving spouse but no descendant of the  
11 decedent: the entire estate to the surviving spouse.

12 (d) If there is no surviving spouse or descendant but the  
13 eligible parent or a descendant of the eligible parent of the  
14 decedent: the entire estate to the eligible parent and the  
15 eligible parent's descendants, allowing 1/2 to the eligible  
16 parent and 1/2 to the eligible parent's descendants per  
17 stirpes.

18 (e) If there is no surviving spouse, descendant, eligible  
19 parent, or descendant of the eligible parent of the decedent,  
20 but a grandparent on the eligible parent's side of the family  
21 or descendant of such grandparent of the decedent: the entire  
22 estate to the decedent's grandparents on the eligible parent's  
23 side of the family in equal parts, or to the survivor of them,  
24 or if there is none surviving, to their descendants per  
25 stirpes.

26 (f) If there is no surviving spouse, descendant, eligible

1 parent, descendant of the eligible parent, grandparent on the  
2 eligible parent's side of the family, or descendant of such  
3 grandparent of the decedent: the entire estate to the  
4 decedent's great-grandparents on the eligible parent's side of  
5 the family in equal parts or to the survivor of them, or if  
6 there is none surviving, to their descendants per stirpes.

7 (g) If there is no surviving spouse, descendant, eligible  
8 parent, descendant of the eligible parent, grandparent on the  
9 eligible parent's side of the family, descendant of such  
10 grandparent, great-grandparent on the eligible parent's side  
11 of the family, or descendant of such great-grandparent of the  
12 decedent: the entire estate in equal parts to the nearest  
13 kindred of the eligible parent of the decedent in equal degree  
14 (computing by the rules of the civil law) and without  
15 representation.

16 (h) If there is no surviving spouse, descendant, or  
17 eligible parent of the decedent and no known kindred of the  
18 eligible parent of the decedent: the real estate escheats to  
19 the county in which it is located; the personal estate  
20 physically located within this State and the personal estate  
21 physically located or held outside this State which is the  
22 subject of ancillary administration within this State escheats  
23 to the county of which the decedent was a resident or, if the  
24 decedent was not a resident of this State, to the county in  
25 which it is located; all other personal property of the  
26 decedent of every class and character, wherever situate, or the

1 proceeds thereof, shall escheat to this State and be delivered  
2 to the State Treasurer of this State pursuant to the Revised  
3 Uniform ~~Disposition of~~ Unclaimed Property Act.

4 For purposes of inheritance, the changes made by this  
5 amendatory Act of 1998 apply to all decedents who die on or  
6 after the effective date of this amendatory Act of 1998. For  
7 the purpose of determining the property rights of any person  
8 under any instrument, the changes made by this amendatory Act  
9 of 1998 apply to all instruments executed on or after the  
10 effective date of this amendatory Act of 1998.

11 A child born out of wedlock is heir of his mother and of  
12 any maternal ancestor and of any person from whom his mother  
13 might have inherited, if living; and the descendants of a  
14 person who was a child born out of wedlock shall represent such  
15 person and take by descent any estate which the parent would  
16 have taken, if living. If a decedent has acknowledged paternity  
17 of a child born out of wedlock or if during his lifetime or  
18 after his death a decedent has been adjudged to be the father  
19 of a child born out of wedlock, that person is heir of his  
20 father and of any paternal ancestor and of any person from whom  
21 his father might have inherited, if living; and the descendants  
22 of a person who was a child born out of wedlock shall represent  
23 that person and take by descent any estate which the parent  
24 would have taken, if living. If during his lifetime the  
25 decedent was adjudged to be the father of a child born out of  
26 wedlock by a court of competent jurisdiction, an authenticated

1 copy of the judgment is sufficient proof of the paternity; but  
2 in all other cases paternity must be proved by clear and  
3 convincing evidence. A person who was a child born out of  
4 wedlock whose parents intermarry and who is acknowledged by the  
5 father as the father's child is a lawful child of the father.  
6 After a child born out of wedlock is adopted, that person's  
7 relationship to his or her adopting and natural parents shall  
8 be governed by Section 2-4 of this Act. For purposes of  
9 inheritance, the changes made by this amendatory Act of 1997  
10 apply to all decedents who die on or after January 1, 1998. For  
11 the purpose of determining the property rights of any person  
12 under any instrument, the changes made by this amendatory Act  
13 of 1997 apply to all instruments executed on or after January  
14 1, 1998.

15 (Source: P.A. 94-229, eff. 1-1-06.)

16 Section 17-110. The Sale of Unclaimed Property Act is  
17 amended by changing Section 3 as follows:

18 (770 ILCS 90/3) (from Ch. 141, par. 3)

19 Sec. 3. All persons other than common carriers having a  
20 lien on personal property, by virtue of the Innkeepers Lien Act  
21 or for more than \$2,000 by virtue of the Labor and Storage Lien  
22 Act may enforce the lien by a sale of the property, on giving  
23 to the owner thereof, if he and his residence be known to the  
24 person having such lien, 30 days' notice by certified mail, in

1 writing of the time and place of such sale, and if the owner or  
2 his place of residence be unknown to the person having such  
3 lien, then upon his filing his affidavit to that effect with  
4 the clerk of the circuit court in the county where such  
5 property is situated; notice of the sale may be given by  
6 publishing the same once in each week for 3 successive weeks in  
7 some newspaper of general circulation published in the county,  
8 and out of the proceeds of the sale all costs and charges for  
9 advertising and making the same, and the amount of the lien  
10 shall be paid, and the surplus, if any, shall be paid to the  
11 owner of the property or, if not claimed by said owner, such  
12 surplus, if any, shall be disposed under the Revised Uniform  
13 ~~Disposition of~~ Unclaimed Property Act. All sales pursuant to  
14 this Section must be public and conducted in a commercially  
15 reasonable manner so as to maximize the net proceeds of the  
16 sale. Conformity to the requirements of this Act shall be a  
17 perpetual bar to any action against such lienor by any person  
18 for the recovery of such chattels or the value thereof or any  
19 damages growing out of the failure of such person to receive  
20 such chattels.

21 (Source: P.A. 87-206.)

22 Section 17-115. The Business Corporation Act of 1983 is  
23 amended by changing Section 12.70 as follows:

24 (805 ILCS 5/12.70) (from Ch. 32, par. 12.70)



1           Sec. 12.70. Deposit of amount due certain shareholders.  
2           Upon the distribution of the assets of a corporation among its  
3           shareholders, the distributive portion to which a shareholder  
4           would be entitled who is unknown or cannot ~~can not~~ be found, or  
5           who is under disability and there is no person legally  
6           competent to receive such distributive portion, shall be  
7           presumed abandoned and reported and delivered to the State  
8           Treasurer and become subject to the provision of the Revised  
9           Uniform ~~Disposition of~~ Unclaimed Property Act. In the event  
10          such distribution is ~~be~~ made other than in cash, such  
11          distributive portion of the assets shall be reduced to cash  
12          before being so reported and delivered.  
13          (Source: P.A. 91-16, eff. 7-1-99.)

14           Section 17-120. The General Not For Profit Corporation Act  
15          of 1986 is amended by changing Section 112.70 as follows:

16           (805 ILCS 105/112.70) (from Ch. 32, par. 112.70)

17           Sec. 112.70. Deposit of amount due. Upon the distribution  
18          of the assets of a corporation, the distributive portion to  
19          which a person would be entitled who is unknown or cannot be  
20          found, or who is under disability and there is no person  
21          legally competent to receive such distributive portion, shall  
22          be presumed abandoned and reported and delivered to the State  
23          Treasurer and become subject to the Revised ~~provision of the~~  
24          Uniform ~~Disposition of~~ Unclaimed Property Act. In the event

1 such distribution is ~~be~~ made other than in cash, such  
2 distributive portion of the assets shall be reduced to cash  
3 before being so reported and delivered.

4 (Source: P.A. 91-16, eff. 7-1-99.)

5 ARTICLE 20. AMENDATORY PROVISIONS; INCOME TAX

6 Section 15-5. The Illinois Income Tax Act is amended by  
7 changing Sections 201, 202.5, 203, 204, 208, 212, 901, and 1501  
8 and by adding Section 225 as follows:

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

10 Sec. 201. Tax Imposed.

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

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

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

1 year.

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

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

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

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

24 (5.1) In the case of an individual, trust, or estate,  
25 for taxable years beginning prior to January 1, 2015, and  
26 ending after December 31, 2014, an amount equal to the sum

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

5 (5.2) In the case of an individual, trust, or estate,  
6 for taxable years beginning on or after January 1, 2015,  
7 and ending prior to July 1, 2017 ~~January 1, 2025~~, an amount  
8 equal to 3.75% of the taxpayer's net income for the taxable  
9 year.

10 (5.3) In the case of an individual, trust, or estate,  
11 for taxable years beginning prior to July 1, 2017 ~~January~~  
12 ~~1, 2025~~, and ending after June 30, 2017 ~~December 31, 2024~~,  
13 an amount equal to the sum of (i) 3.75% of the taxpayer's  
14 net income for the period prior to July 1, 2017 ~~January 1,~~  
15 ~~2025~~, as calculated under Section 202.5, and (ii) 4.95%  
16 ~~3.25%~~ of the taxpayer's net income for the period after  
17 June 30, 2017 ~~December 31, 2024~~, as calculated under  
18 Section 202.5.

19 (5.4) In the case of an individual, trust, or estate,  
20 for taxable years beginning on or after July 1, 2017  
21 ~~January 1, 2025~~, an amount equal to 4.95% ~~3.25%~~ of the  
22 taxpayer's net income for the taxable year.

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

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

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

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

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

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

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

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

3 (12) In the case of a corporation, for taxable years  
4 beginning on or after January 1, 2015, and ending prior to  
5 July 1, 2017 ~~January 1, 2025~~, an amount equal to 5.25% of  
6 the taxpayer's net income for the taxable year.

7 (13) In the case of a corporation, for taxable years  
8 beginning prior to July 1, 2017 ~~January 1, 2025~~, and ending  
9 after June 30, 2017 ~~December 31, 2024~~, an amount equal to  
10 the sum of (i) 5.25% of the taxpayer's net income for the  
11 period prior to July 1, 2017 ~~January 1, 2025~~, as calculated  
12 under Section 202.5, and (ii) 7% ~~4.8%~~ of the taxpayer's net  
13 income for the period after June 30, 2017 ~~December 31,~~  
14 ~~2024~~, as calculated under Section 202.5.

15 (14) In the case of a corporation, for taxable years  
16 beginning on or after July 1, 2017 ~~January 1, 2025~~, an  
17 amount equal to 7% ~~4.8%~~ of the taxpayer's net income for  
18 the taxable year.

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

1 shall be applied first.

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

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

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 (e);

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

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

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

1 subsection (f).

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

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

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

1 increase shall be deemed property placed in service on the  
2 date of such increase in basis.

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

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

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

26 (9) Each taxable year ending before December 31, 2000,

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

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

1 under Sections 702 and 704 and Subchapter S of the Internal  
2 Revenue Code. This paragraph is exempt from the provisions  
3 of Section 250.

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

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



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

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

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

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

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

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

25 (E) has not been previously used in Illinois in  
26 such a manner and by such a person as would qualify for

1           the credit provided by this subsection (f) or  
2           subsection (e).

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

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

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

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

1 purposes of this paragraph (6), a reduction of the basis of  
2 qualified property resulting from a redetermination of the  
3 purchase price shall be deemed a disposition of qualified  
4 property to the extent of such reduction.

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

22 (g) (Blank).

23 (h) Investment credit; High Impact Business.

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

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

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

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

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

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

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

22 (C) is acquired by purchase as defined in Section  
23 179(d) of the Internal Revenue Code; and

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

1 beginning again for tax years ending on or after December 31,  
2 2004, and ending prior to January 1, 2022 ~~January 1, 2016~~, a  
3 taxpayer shall be allowed a credit against the tax imposed by  
4 subsections (a) and (b) of this Section for increasing research  
5 activities in this State. The credit allowed against the tax  
6 imposed by subsections (a) and (b) shall be equal to 6 1/2% of  
7 the qualifying expenditures for increasing research activities  
8 in this State. For partners, shareholders of subchapter S  
9 corporations, and owners of limited liability companies, if the  
10 liability company is treated as a partnership for purposes of  
11 federal and State income taxation, there shall be allowed a  
12 credit under this subsection to be determined in accordance  
13 with the determination of income and distributive share of  
14 income under Sections 702 and 704 and subchapter S of the  
15 Internal Revenue Code.

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

1 preceding the taxable year for which the determination is being  
2 made.

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

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

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

26 It is the intent of the General Assembly that the research

1 and development credit under this subsection (k) shall apply  
2 continuously for all tax years ending on or after December 31,  
3 2004 and ending prior to January 1, 2022, including, but not  
4 limited to, the period beginning on January 1, 2016 and ending  
5 on the effective date of this amendatory Act of the 100th  
6 General Assembly. All actions taken in reliance on the  
7 continuation of the credit under this subsection (k) by any  
8 taxpayer are hereby validated.

9 (1) Environmental Remediation Tax Credit.

10 (i) For tax years ending after December 31, 1997 and on  
11 or before December 31, 2001, a taxpayer shall be allowed a  
12 credit against the tax imposed by subsections (a) and (b)  
13 of this Section for certain amounts paid for unreimbursed  
14 eligible remediation costs, as specified in this  
15 subsection. For purposes of this Section, "unreimbursed  
16 eligible remediation costs" means costs approved by the  
17 Illinois Environmental Protection Agency ("Agency") under  
18 Section 58.14 of the Environmental Protection Act that were  
19 paid in performing environmental remediation at a site for  
20 which a No Further Remediation Letter was issued by the  
21 Agency and recorded under Section 58.10 of the  
22 Environmental Protection Act. The credit must be claimed  
23 for the taxable year in which Agency approval of the  
24 eligible remediation costs is granted. The credit is not  
25 available to any taxpayer if the taxpayer or any related  
26 party caused or contributed to, in any material respect, a

1 release of regulated substances on, in, or under the site  
2 that was identified and addressed by the remedial action  
3 pursuant to the Site Remediation Program of the  
4 Environmental Protection Act. After the Pollution Control  
5 Board rules are adopted pursuant to the Illinois  
6 Administrative Procedure Act for the administration and  
7 enforcement of Section 58.9 of the Environmental  
8 Protection Act, determinations as to credit availability  
9 for purposes of this Section shall be made consistent with  
10 those rules. For purposes of this Section, "taxpayer"  
11 includes a person whose tax attributes the taxpayer has  
12 succeeded to under Section 381 of the Internal Revenue Code  
13 and "related party" includes the persons disallowed a  
14 deduction for losses by paragraphs (b), (c), and (f)(1) of  
15 Section 267 of the Internal Revenue Code by virtue of being  
16 a related taxpayer, as well as any of its partners. The  
17 credit allowed against the tax imposed by subsections (a)  
18 and (b) shall be equal to 25% of the unreimbursed eligible  
19 remediation costs in excess of \$100,000 per site, except  
20 that the \$100,000 threshold shall not apply to any site  
21 contained in an enterprise zone as determined by the  
22 Department of Commerce and Community Affairs (now  
23 Department of Commerce and Economic Opportunity). The  
24 total credit allowed shall not exceed \$40,000 per year with  
25 a maximum total of \$150,000 per site. For partners and  
26 shareholders of subchapter S corporations, there shall be

1 allowed a credit under this subsection to be determined in  
2 accordance with the determination of income and  
3 distributive share of income under Sections 702 and 704 and  
4 subchapter S of the Internal Revenue Code.

5 (ii) A credit allowed under this subsection that is  
6 unused in the year the credit is earned may be carried  
7 forward to each of the 5 taxable years following the year  
8 for which the credit is first earned until it is used. The  
9 term "unused credit" does not include any amounts of  
10 unreimbursed eligible remediation costs in excess of the  
11 maximum credit per site authorized under paragraph (i).  
12 This credit shall be applied first to the earliest year for  
13 which there is a liability. If there is a credit under this  
14 subsection from more than one tax year that is available to  
15 offset a liability, the earliest credit arising under this  
16 subsection shall be applied first. A credit allowed under  
17 this subsection may be sold to a buyer as part of a sale of  
18 all or part of the remediation site for which the credit  
19 was granted. The purchaser of a remediation site and the  
20 tax credit shall succeed to the unused credit and remaining  
21 carry-forward period of the seller. To perfect the  
22 transfer, the assignor shall record the transfer in the  
23 chain of title for the site and provide written notice to  
24 the Director of the Illinois Department of Revenue of the  
25 assignor's intent to sell the remediation site and the  
26 amount of the tax credit to be transferred as a portion of

1 the sale. In no event may a credit be transferred to any  
2 taxpayer if the taxpayer or a related party would not be  
3 eligible under the provisions of subsection (i).

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

7 (m) Education expense credit. Beginning with tax years  
8 ending after December 31, 1999, a taxpayer who is the custodian  
9 of one or more qualifying pupils shall be allowed a credit  
10 against the tax imposed by subsections (a) and (b) of this  
11 Section for qualified education expenses incurred on behalf of  
12 the qualifying pupils. The credit shall be equal to 25% of  
13 qualified education expenses, but in no event may the total  
14 credit under this subsection claimed by a family that is the  
15 custodian of qualifying pupils exceed (i) \$500 for tax years  
16 ending prior to December 31, 2017, and (ii) \$750 for tax years  
17 ending on or after December 31, 2017. In no event shall a  
18 credit under this subsection reduce the taxpayer's liability  
19 under this Act to less than zero. Notwithstanding any other  
20 provision of law, for taxable years beginning on or after  
21 January 1, 2017, no taxpayer may claim a credit under this  
22 subsection (m) if the taxpayer's adjusted gross income for the  
23 taxable year exceeds (i) \$500,000, in the case of spouses  
24 filing a joint federal tax return or (ii) \$250,000, in the case  
25 of all other taxpayers. This subsection is exempt from the  
26 provisions of Section 250 of this Act.

1 For purposes of this subsection:

2 "Qualifying pupils" means individuals who (i) are  
3 residents of the State of Illinois, (ii) are under the age of  
4 21 at the close of the school year for which a credit is  
5 sought, and (iii) during the school year for which a credit is  
6 sought were full-time pupils enrolled in a kindergarten through  
7 twelfth grade education program at any school, as defined in  
8 this subsection.

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

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

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

23 (n) River Edge Redevelopment Zone site remediation tax  
24 credit.

25 (i) For tax years ending on or after December 31, 2006,  
26 a taxpayer shall be allowed a credit against the tax



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

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

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

1 amount of the tax credit to be transferred as a portion of  
2 the sale. In no event may a credit be transferred to any  
3 taxpayer if the taxpayer or a related party would not be  
4 eligible under the provisions of subsection (i).

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

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

18 (1) the medical cannabis cultivation center  
19 registration, medical cannabis dispensary registration, or  
20 the property of a registration is transferred as a result  
21 of any of the following:

22 (A) bankruptcy, a receivership, or a debt  
23 adjustment initiated by or against the initial  
24 registration or the substantial owners of the initial  
25 registration;

26 (B) cancellation, revocation, or termination of

1 any registration by the Illinois Department of Public  
2 Health;

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

8 (D) the death of an owner of the equity interest in  
9 a registrant;

10 (E) the acquisition of a controlling interest in  
11 the stock or substantially all of the assets of a  
12 publicly traded company;

13 (F) a transfer by a parent company to a wholly  
14 owned subsidiary; or

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

19 (2) the cannabis cultivation center registration,  
20 medical cannabis dispensary registration, or the  
21 controlling interest in a registrant's property is  
22 transferred in a transaction to lineal descendants in which  
23 no gain or loss is recognized or as a result of a  
24 transaction in accordance with Section 351 of the Internal  
25 Revenue Code in which no gain or loss is recognized.

26 (Source: P.A. 97-2, eff. 5-6-11; 97-636, eff. 6-1-12; 97-905,

1 eff. 8-7-12; 98-109, eff. 7-25-13; 98-122, eff. 1-1-14; 98-756,  
2 eff. 7-16-14.)

3 (35 ILCS 5/202.5)

4 Sec. 202.5. Net income attributable to the period beginning  
5 prior to the first day of a month and ending after the last day  
6 of the preceding month ~~January 1 of any year and ending after~~  
7 ~~December 31 of the preceding year.~~

8 (a) In general. With respect to the taxable year of a  
9 taxpayer beginning prior to the first day of a month and ending  
10 after the last day of the preceding month ~~January 1 of any year~~  
11 ~~and ending after December 31 of the preceding year,~~ net income  
12 for the period after the last day of the preceding month  
13 ~~December 31 of the preceding year,~~ is that amount that bears  
14 the same ratio to the taxpayer's net income for the entire  
15 taxable year as the number of days in that taxable year after  
16 the last day of the preceding month ~~December 31~~ bears to the  
17 total number of days in that taxable year, and the net income  
18 for the period prior to the first day of the month ~~January 1~~ is  
19 that amount that bears the same ratio to the taxpayer's net  
20 income for the entire taxable year as the number of days in  
21 that taxable year prior to the first day of the month ~~January 1~~  
22 bears to the total number of days in that taxable year.

23 (b) Election to attribute income and deduction items  
24 specifically to the respective portions of a taxable year prior  
25 to the first day of a month and ending after the last day of the

1 ~~preceding month January 1 of any year and after December 31 of~~  
2 ~~the preceding year.~~ In the case of a taxpayer with a taxable  
3 year beginning prior to the first day of a month and ending  
4 after the last day of the preceding month ~~January 1 of any year~~  
5 ~~and ending after December 31 of the preceding year,~~ the  
6 taxpayer may elect, instead of the procedure established in  
7 subsection (a) of this Section, to determine net income on a  
8 specific accounting basis for the 2 portions of the taxable  
9 year:

10 (1) from the beginning of the taxable year through the  
11 last day of that apportionment period ~~December 31;~~ and

12 (2) from the first day of the next apportionment period  
13 ~~January 1~~ through the end of the taxable year.

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

19 (c) If the taxpayer elects specific accounting under  
20 subsection (b):

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

25 (2) for purposes of apportioning business income of the  
26 taxpayer, the provisions in Article 3 shall be applied on

1 the basis of the taxpayer's full taxable year, without  
2 regard to this Section;

3 (3) the exemption provided by Section 204 shall be  
4 divided between the respective periods in amounts which  
5 bear the same ratio to the total exemption allowable under  
6 Section 204 (determined without regard to this Section) as  
7 the total number of days in each period bears to the total  
8 number of days in the taxable year;

9 (4) for purposes of this subsection, net income may not  
10 be negative for either of the two portions of the taxable  
11 year and positive for the other; if net income for one  
12 portion of the taxable year would be positive and net  
13 income for the other portion would otherwise be negative,  
14 the net income for the entire taxable year shall be  
15 attributed to the portion of the taxable year with positive  
16 net income and the net income for the other portion of the  
17 taxable year shall be zero; and

18 (5) the net loss carryforward deduction for the taxable  
19 year under Section 207 may not exceed combined net income  
20 of both portions of the taxable year, and shall be used  
21 against the net income of the portion of the taxable year  
22 from the beginning of the taxable year through the last day  
23 of the preceding month ~~December 31~~ before any remaining  
24 amount is used against the net income of the latter portion  
25 of the taxable year.

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

1 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

2 Sec. 203. Base income defined.

3 (a) Individuals.

4 (1) In general. In the case of an individual, base  
5 income means an amount equal to the taxpayer's adjusted  
6 gross income for the taxable year as modified by paragraph  
7 (2).

8 (2) Modifications. The adjusted gross income referred  
9 to in paragraph (1) shall be modified by adding thereto the  
10 sum of the following amounts:

11 (A) An amount equal to all amounts paid or accrued  
12 to the taxpayer as interest or dividends during the  
13 taxable year to the extent excluded from gross income  
14 in the computation of adjusted gross income, except  
15 stock dividends of qualified public utilities  
16 described in Section 305(e) of the Internal Revenue  
17 Code;

18 (B) An amount equal to the amount of tax imposed by  
19 this Act to the extent deducted from gross income in  
20 the computation of adjusted gross income for the  
21 taxable year;

22 (C) An amount equal to the amount received during  
23 the taxable year as a recovery or refund of real  
24 property taxes paid with respect to the taxpayer's  
25 principal residence under the Revenue Act of 1939 and



1 for which a deduction was previously taken under  
2 subparagraph (L) of this paragraph (2) prior to July 1,  
3 1991, the retrospective application date of Article 4  
4 of Public Act 87-17. In the case of multi-unit or  
5 multi-use structures and farm dwellings, the taxes on  
6 the taxpayer's principal residence shall be that  
7 portion of the total taxes for the entire property  
8 which is attributable to such principal residence;

9 (D) An amount equal to the amount of the capital  
10 gain deduction allowable under the Internal Revenue  
11 Code, to the extent deducted from gross income in the  
12 computation of adjusted gross income;

13 (D-5) An amount, to the extent not included in  
14 adjusted gross income, equal to the amount of money  
15 withdrawn by the taxpayer in the taxable year from a  
16 medical care savings account and the interest earned on  
17 the account in the taxable year of a withdrawal  
18 pursuant to subsection (b) of Section 20 of the Medical  
19 Care Savings Account Act or subsection (b) of Section  
20 of the Medical Care Savings Account Act of 2000;

21 (D-10) For taxable years ending after December 31,  
22 1997, an amount equal to any eligible remediation costs  
23 that the individual deducted in computing adjusted  
24 gross income and for which the individual claims a  
25 credit under subsection (1) of Section 201;

26 (D-15) For taxable years 2001 and thereafter, an

1 amount equal to the bonus depreciation deduction taken  
2 on the taxpayer's federal income tax return for the  
3 taxable year under subsection (k) of Section 168 of the  
4 Internal Revenue Code;

5 (D-16) If the taxpayer sells, transfers, abandons,  
6 or otherwise disposes of property for which the  
7 taxpayer was required in any taxable year to make an  
8 addition modification under subparagraph (D-15), then  
9 an amount equal to the aggregate amount of the  
10 deductions taken in all taxable years under  
11 subparagraph (Z) with respect to that property.

12 If the taxpayer continues to own property through  
13 the last day of the last tax year for which the  
14 taxpayer may claim a depreciation deduction for  
15 federal income tax purposes and for which the taxpayer  
16 was allowed in any taxable year to make a subtraction  
17 modification under subparagraph (Z), then an amount  
18 equal to that subtraction modification.

19 The taxpayer is required to make the addition  
20 modification under this subparagraph only once with  
21 respect to any one piece of property;

22 (D-17) An amount equal to the amount otherwise  
23 allowed as a deduction in computing base income for  
24 interest paid, accrued, or incurred, directly or  
25 indirectly, (i) for taxable years ending on or after  
26 December 31, 2004, to a foreign person who would be a

1 member of the same unitary business group but for the  
2 fact that foreign person's business activity outside  
3 the United States is 80% or more of the foreign  
4 person's total business activity and (ii) for taxable  
5 years ending on or after December 31, 2008, to a person  
6 who would be a member of the same unitary business  
7 group but for the fact that the person is prohibited  
8 under Section 1501(a)(27) from being included in the  
9 unitary business group because he or she is ordinarily  
10 required to apportion business income under different  
11 subsections of Section 304. The addition modification  
12 required by this subparagraph shall be reduced to the  
13 extent that dividends were included in base income of  
14 the unitary group for the same taxable year and  
15 received by the taxpayer or by a member of the  
16 taxpayer's unitary business group (including amounts  
17 included in gross income under Sections 951 through 964  
18 of the Internal Revenue Code and amounts included in  
19 gross income under Section 78 of the Internal Revenue  
20 Code) with respect to the stock of the same person to  
21 whom the interest was paid, accrued, or incurred.

22 This paragraph shall not apply to the following:

23 (i) an item of interest paid, accrued, or  
24 incurred, directly or indirectly, to a person who  
25 is subject in a foreign country or state, other  
26 than a state which requires mandatory unitary

1 reporting, to a tax on or measured by net income  
2 with respect to such interest; or

3 (ii) an item of interest paid, accrued, or  
4 incurred, directly or indirectly, to a person if  
5 the taxpayer can establish, based on a  
6 preponderance of the evidence, both of the  
7 following:

8 (a) the person, during the same taxable  
9 year, paid, accrued, or incurred, the interest  
10 to a person that is not a related member, and

11 (b) the transaction giving rise to the  
12 interest expense between the taxpayer and the  
13 person did not have as a principal purpose the  
14 avoidance of Illinois income tax, and is paid  
15 pursuant to a contract or agreement that  
16 reflects an arm's-length interest rate and  
17 terms; or

18 (iii) the taxpayer can establish, based on  
19 clear and convincing evidence, that the interest  
20 paid, accrued, or incurred relates to a contract or  
21 agreement entered into at arm's-length rates and  
22 terms and the principal purpose for the payment is  
23 not federal or Illinois tax avoidance; or

24 (iv) an item of interest paid, accrued, or  
25 incurred, directly or indirectly, to a person if  
26 the taxpayer establishes by clear and convincing

1 evidence that the adjustments are unreasonable; or  
2 if the taxpayer and the Director agree in writing  
3 to the application or use of an alternative method  
4 of apportionment under Section 304(f).

5 Nothing in this subsection shall preclude the  
6 Director from making any other adjustment  
7 otherwise allowed under Section 404 of this Act for  
8 any tax year beginning after the effective date of  
9 this amendment provided such adjustment is made  
10 pursuant to regulation adopted by the Department  
11 and such regulations provide methods and standards  
12 by which the Department will utilize its authority  
13 under Section 404 of this Act;

14 (D-18) An amount equal to the amount of intangible  
15 expenses and costs otherwise allowed as a deduction in  
16 computing base income, and that were paid, accrued, or  
17 incurred, directly or indirectly, (i) for taxable  
18 years ending on or after December 31, 2004, to a  
19 foreign person who would be a member of the same  
20 unitary business group but for the fact that the  
21 foreign person's business activity outside the United  
22 States is 80% or more of that person's total business  
23 activity and (ii) for taxable years ending on or after  
24 December 31, 2008, to a person who would be a member of  
25 the same unitary business group but for the fact that  
26 the person is prohibited under Section 1501(a)(27)

1 from being included in the unitary business group  
2 because he or she is ordinarily required to apportion  
3 business income under different subsections of Section  
4 304. The addition modification required by this  
5 subparagraph shall be reduced to the extent that  
6 dividends were included in base income of the unitary  
7 group for the same taxable year and received by the  
8 taxpayer or by a member of the taxpayer's unitary  
9 business group (including amounts included in gross  
10 income under Sections 951 through 964 of the Internal  
11 Revenue Code and amounts included in gross income under  
12 Section 78 of the Internal Revenue Code) with respect  
13 to the stock of the same person to whom the intangible  
14 expenses and costs were directly or indirectly paid,  
15 incurred, or accrued. The preceding sentence does not  
16 apply to the extent that the same dividends caused a  
17 reduction to the addition modification required under  
18 Section 203(a)(2)(D-17) of this Act. As used in this  
19 subparagraph, the term "intangible expenses and costs"  
20 includes (1) expenses, losses, and costs for, or  
21 related to, the direct or indirect acquisition, use,  
22 maintenance or management, ownership, sale, exchange,  
23 or any other disposition of intangible property; (2)  
24 losses incurred, directly or indirectly, from  
25 factoring transactions or discounting transactions;  
26 (3) royalty, patent, technical, and copyright fees;

1 (4) licensing fees; and (5) other similar expenses and  
2 costs. For purposes of this subparagraph, "intangible  
3 property" includes patents, patent applications, trade  
4 names, trademarks, service marks, copyrights, mask  
5 works, trade secrets, and similar types of intangible  
6 assets.

7 This paragraph shall not apply to the following:

8 (i) any item of intangible expenses or costs  
9 paid, accrued, or incurred, directly or  
10 indirectly, from a transaction with a person who is  
11 subject in a foreign country or state, other than a  
12 state which requires mandatory unitary reporting,  
13 to a tax on or measured by net income with respect  
14 to such item; or

15 (ii) any item of intangible expense or cost  
16 paid, accrued, or incurred, directly or  
17 indirectly, if the taxpayer can establish, based  
18 on a preponderance of the evidence, both of the  
19 following:

20 (a) the person during the same taxable  
21 year paid, accrued, or incurred, the  
22 intangible expense or cost to a person that is  
23 not a related member, and

24 (b) the transaction giving rise to the  
25 intangible expense or cost between the  
26 taxpayer and the person did not have as a

1 principal purpose the avoidance of Illinois  
2 income tax, and is paid pursuant to a contract  
3 or agreement that reflects arm's-length terms;  
4 or

5 (iii) any item of intangible expense or cost  
6 paid, accrued, or incurred, directly or  
7 indirectly, from a transaction with a person if the  
8 taxpayer establishes by clear and convincing  
9 evidence, that the adjustments are unreasonable;  
10 or if the taxpayer and the Director agree in  
11 writing to the application or use of an alternative  
12 method of apportionment under Section 304(f);

13 Nothing in this subsection shall preclude the  
14 Director from making any other adjustment  
15 otherwise allowed under Section 404 of this Act for  
16 any tax year beginning after the effective date of  
17 this amendment provided such adjustment is made  
18 pursuant to regulation adopted by the Department  
19 and such regulations provide methods and standards  
20 by which the Department will utilize its authority  
21 under Section 404 of this Act;

22 (D-19) For taxable years ending on or after  
23 December 31, 2008, an amount equal to the amount of  
24 insurance premium expenses and costs otherwise allowed  
25 as a deduction in computing base income, and that were  
26 paid, accrued, or incurred, directly or indirectly, to



1 a person who would be a member of the same unitary  
2 business group but for the fact that the person is  
3 prohibited under Section 1501(a)(27) from being  
4 included in the unitary business group because he or  
5 she is ordinarily required to apportion business  
6 income under different subsections of Section 304. The  
7 addition modification required by this subparagraph  
8 shall be reduced to the extent that dividends were  
9 included in base income of the unitary group for the  
10 same taxable year and received by the taxpayer or by a  
11 member of the taxpayer's unitary business group  
12 (including amounts included in gross income under  
13 Sections 951 through 964 of the Internal Revenue Code  
14 and amounts included in gross income under Section 78  
15 of the Internal Revenue Code) with respect to the stock  
16 of the same person to whom the premiums and costs were  
17 directly or indirectly paid, incurred, or accrued. The  
18 preceding sentence does not apply to the extent that  
19 the same dividends caused a reduction to the addition  
20 modification required under Section 203(a)(2)(D-17) or  
21 Section 203(a)(2)(D-18) of this Act.

22 (D-20) For taxable years beginning on or after  
23 January 1, 2002 and ending on or before December 31,  
24 2006, in the case of a distribution from a qualified  
25 tuition program under Section 529 of the Internal  
26 Revenue Code, other than (i) a distribution from a

1 College Savings Pool created under Section 16.5 of the  
2 State Treasurer Act or (ii) a distribution from the  
3 Illinois Prepaid Tuition Trust Fund, an amount equal to  
4 the amount excluded from gross income under Section  
5 529(c)(3)(B). For taxable years beginning on or after  
6 January 1, 2007, in the case of a distribution from a  
7 qualified tuition program under Section 529 of the  
8 Internal Revenue Code, other than (i) a distribution  
9 from a College Savings Pool created under Section 16.5  
10 of the State Treasurer Act, (ii) a distribution from  
11 the Illinois Prepaid Tuition Trust Fund, or (iii) a  
12 distribution from a qualified tuition program under  
13 Section 529 of the Internal Revenue Code that (I)  
14 adopts and determines that its offering materials  
15 comply with the College Savings Plans Network's  
16 disclosure principles and (II) has made reasonable  
17 efforts to inform in-state residents of the existence  
18 of in-state qualified tuition programs by informing  
19 Illinois residents directly and, where applicable, to  
20 inform financial intermediaries distributing the  
21 program to inform in-state residents of the existence  
22 of in-state qualified tuition programs at least  
23 annually, an amount equal to the amount excluded from  
24 gross income under Section 529(c)(3)(B).

25 For the purposes of this subparagraph (D-20), a  
26 qualified tuition program has made reasonable efforts

1 if it makes disclosures (which may use the term  
2 "in-state program" or "in-state plan" and need not  
3 specifically refer to Illinois or its qualified  
4 programs by name) (i) directly to prospective  
5 participants in its offering materials or makes a  
6 public disclosure, such as a website posting; and (ii)  
7 where applicable, to intermediaries selling the  
8 out-of-state program in the same manner that the  
9 out-of-state program distributes its offering  
10 materials;

11 (D-21) For taxable years beginning on or after  
12 January 1, 2007, in the case of transfer of moneys from  
13 a qualified tuition program under Section 529 of the  
14 Internal Revenue Code that is administered by the State  
15 to an out-of-state program, an amount equal to the  
16 amount of moneys previously deducted from base income  
17 under subsection (a) (2) (Y) of this Section;

18 (D-22) For taxable years beginning on or after  
19 January 1, 2009, in the case of a nonqualified  
20 withdrawal or refund of moneys from a qualified tuition  
21 program under Section 529 of the Internal Revenue Code  
22 administered by the State that is not used for  
23 qualified expenses at an eligible education  
24 institution, an amount equal to the contribution  
25 component of the nonqualified withdrawal or refund  
26 that was previously deducted from base income under

1 subsection (a)(2)(y) of this Section, provided that  
2 the withdrawal or refund did not result from the  
3 beneficiary's death or disability;

4 (D-23) An amount equal to the credit allowable to  
5 the taxpayer under Section 218(a) of this Act,  
6 determined without regard to Section 218(c) of this  
7 Act;

8 (D-24) For taxable years ending on or after  
9 December 31, 2017, an amount equal to the deduction  
10 allowed under Section 199 of the Internal Revenue Code  
11 for the taxable year;

12 and by deducting from the total so obtained the sum of the  
13 following amounts:

14 (E) For taxable years ending before December 31,  
15 2001, any amount included in such total in respect of  
16 any compensation (including but not limited to any  
17 compensation paid or accrued to a serviceman while a  
18 prisoner of war or missing in action) paid to a  
19 resident by reason of being on active duty in the Armed  
20 Forces of the United States and in respect of any  
21 compensation paid or accrued to a resident who as a  
22 governmental employee was a prisoner of war or missing  
23 in action, and in respect of any compensation paid to a  
24 resident in 1971 or thereafter for annual training  
25 performed pursuant to Sections 502 and 503, Title 32,  
26 United States Code as a member of the Illinois National

1 Guard or, beginning with taxable years ending on or  
2 after December 31, 2007, the National Guard of any  
3 other state. For taxable years ending on or after  
4 December 31, 2001, any amount included in such total in  
5 respect of any compensation (including but not limited  
6 to any compensation paid or accrued to a serviceman  
7 while a prisoner of war or missing in action) paid to a  
8 resident by reason of being a member of any component  
9 of the Armed Forces of the United States and in respect  
10 of any compensation paid or accrued to a resident who  
11 as a governmental employee was a prisoner of war or  
12 missing in action, and in respect of any compensation  
13 paid to a resident in 2001 or thereafter by reason of  
14 being a member of the Illinois National Guard or,  
15 beginning with taxable years ending on or after  
16 December 31, 2007, the National Guard of any other  
17 state. The provisions of this subparagraph (E) are  
18 exempt from the provisions of Section 250;

19 (F) An amount equal to all amounts included in such  
20 total pursuant to the provisions of Sections 402(a),  
21 402(c), 403(a), 403(b), 406(a), 407(a), and 408 of the  
22 Internal Revenue Code, or included in such total as  
23 distributions under the provisions of any retirement  
24 or disability plan for employees of any governmental  
25 agency or unit, or retirement payments to retired  
26 partners, which payments are excluded in computing net

1 earnings from self employment by Section 1402 of the  
2 Internal Revenue Code and regulations adopted pursuant  
3 thereto;

4 (G) The valuation limitation amount;

5 (H) An amount equal to the amount of any tax  
6 imposed by this Act which was refunded to the taxpayer  
7 and included in such total for the taxable year;

8 (I) An amount equal to all amounts included in such  
9 total pursuant to the provisions of Section 111 of the  
10 Internal Revenue Code as a recovery of items previously  
11 deducted from adjusted gross income in the computation  
12 of taxable income;

13 (J) An amount equal to those dividends included in  
14 such total which were paid by a corporation which  
15 conducts business operations in a River Edge  
16 Redevelopment Zone or zones created under the River  
17 Edge Redevelopment Zone Act, and conducts  
18 substantially all of its operations in a River Edge  
19 Redevelopment Zone or zones. This subparagraph (J) is  
20 exempt from the provisions of Section 250;

21 (K) An amount equal to those dividends included in  
22 such total that were paid by a corporation that  
23 conducts business operations in a federally designated  
24 Foreign Trade Zone or Sub-Zone and that is designated a  
25 High Impact Business located in Illinois; provided  
26 that dividends eligible for the deduction provided in

1           subparagraph (J) of paragraph (2) of this subsection  
2           shall not be eligible for the deduction provided under  
3           this subparagraph (K);

4           (L) For taxable years ending after December 31,  
5           1983, an amount equal to all social security benefits  
6           and railroad retirement benefits included in such  
7           total pursuant to Sections 72(r) and 86 of the Internal  
8           Revenue Code;

9           (M) With the exception of any amounts subtracted  
10          under subparagraph (N), an amount equal to the sum of  
11          all amounts disallowed as deductions by (i) Sections  
12          171(a) (2), and 265(2) of the Internal Revenue Code,  
13          and all amounts of expenses allocable to interest and  
14          disallowed as deductions by Section 265(1) of the  
15          Internal Revenue Code; and (ii) for taxable years  
16          ending on or after August 13, 1999, Sections 171(a) (2),  
17          265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue  
18          Code, plus, for taxable years ending on or after  
19          December 31, 2011, Section 45G(e) (3) of the Internal  
20          Revenue Code and, for taxable years ending on or after  
21          December 31, 2008, any amount included in gross income  
22          under Section 87 of the Internal Revenue Code; the  
23          provisions of this subparagraph are exempt from the  
24          provisions of Section 250;

25          (N) An amount equal to all amounts included in such  
26          total which are exempt from taxation by this State

1           either by reason of its statutes or Constitution or by  
2           reason of the Constitution, treaties or statutes of the  
3           United States; provided that, in the case of any  
4           statute of this State that exempts income derived from  
5           bonds or other obligations from the tax imposed under  
6           this Act, the amount exempted shall be the interest net  
7           of bond premium amortization;

8           (O) An amount equal to any contribution made to a  
9           job training project established pursuant to the Tax  
10          Increment Allocation Redevelopment Act;

11          (P) An amount equal to the amount of the deduction  
12          used to compute the federal income tax credit for  
13          restoration of substantial amounts held under claim of  
14          right for the taxable year pursuant to Section 1341 of  
15          the Internal Revenue Code or of any itemized deduction  
16          taken from adjusted gross income in the computation of  
17          taxable income for restoration of substantial amounts  
18          held under claim of right for the taxable year;

19          (Q) An amount equal to any amounts included in such  
20          total, received by the taxpayer as an acceleration in  
21          the payment of life, endowment or annuity benefits in  
22          advance of the time they would otherwise be payable as  
23          an indemnity for a terminal illness;

24          (R) An amount equal to the amount of any federal or  
25          State bonus paid to veterans of the Persian Gulf War;

26          (S) An amount, to the extent included in adjusted



1 gross income, equal to the amount of a contribution  
2 made in the taxable year on behalf of the taxpayer to a  
3 medical care savings account established under the  
4 Medical Care Savings Account Act or the Medical Care  
5 Savings Account Act of 2000 to the extent the  
6 contribution is accepted by the account administrator  
7 as provided in that Act;

8 (T) An amount, to the extent included in adjusted  
9 gross income, equal to the amount of interest earned in  
10 the taxable year on a medical care savings account  
11 established under the Medical Care Savings Account Act  
12 or the Medical Care Savings Account Act of 2000 on  
13 behalf of the taxpayer, other than interest added  
14 pursuant to item (D-5) of this paragraph (2);

15 (U) For one taxable year beginning on or after  
16 January 1, 1994, an amount equal to the total amount of  
17 tax imposed and paid under subsections (a) and (b) of  
18 Section 201 of this Act on grant amounts received by  
19 the taxpayer under the Nursing Home Grant Assistance  
20 Act during the taxpayer's taxable years 1992 and 1993;

21 (V) Beginning with tax years ending on or after  
22 December 31, 1995 and ending with tax years ending on  
23 or before December 31, 2004, an amount equal to the  
24 amount paid by a taxpayer who is a self-employed  
25 taxpayer, a partner of a partnership, or a shareholder  
26 in a Subchapter S corporation for health insurance or

1 long-term care insurance for that taxpayer or that  
2 taxpayer's spouse or dependents, to the extent that the  
3 amount paid for that health insurance or long-term care  
4 insurance may be deducted under Section 213 of the  
5 Internal Revenue Code, has not been deducted on the  
6 federal income tax return of the taxpayer, and does not  
7 exceed the taxable income attributable to that  
8 taxpayer's income, self-employment income, or  
9 Subchapter S corporation income; except that no  
10 deduction shall be allowed under this item (V) if the  
11 taxpayer is eligible to participate in any health  
12 insurance or long-term care insurance plan of an  
13 employer of the taxpayer or the taxpayer's spouse. The  
14 amount of the health insurance and long-term care  
15 insurance subtracted under this item (V) shall be  
16 determined by multiplying total health insurance and  
17 long-term care insurance premiums paid by the taxpayer  
18 times a number that represents the fractional  
19 percentage of eligible medical expenses under Section  
20 213 of the Internal Revenue Code of 1986 not actually  
21 deducted on the taxpayer's federal income tax return;

22 (W) For taxable years beginning on or after January  
23 1, 1998, all amounts included in the taxpayer's federal  
24 gross income in the taxable year from amounts converted  
25 from a regular IRA to a Roth IRA. This paragraph is  
26 exempt from the provisions of Section 250;

1           (X) For taxable year 1999 and thereafter, an amount  
2           equal to the amount of any (i) distributions, to the  
3           extent includible in gross income for federal income  
4           tax purposes, made to the taxpayer because of his or  
5           her status as a victim of persecution for racial or  
6           religious reasons by Nazi Germany or any other Axis  
7           regime or as an heir of the victim and (ii) items of  
8           income, to the extent includible in gross income for  
9           federal income tax purposes, attributable to, derived  
10          from or in any way related to assets stolen from,  
11          hidden from, or otherwise lost to a victim of  
12          persecution for racial or religious reasons by Nazi  
13          Germany or any other Axis regime immediately prior to,  
14          during, and immediately after World War II, including,  
15          but not limited to, interest on the proceeds receivable  
16          as insurance under policies issued to a victim of  
17          persecution for racial or religious reasons by Nazi  
18          Germany or any other Axis regime by European insurance  
19          companies immediately prior to and during World War II;  
20          provided, however, this subtraction from federal  
21          adjusted gross income does not apply to assets acquired  
22          with such assets or with the proceeds from the sale of  
23          such assets; provided, further, this paragraph shall  
24          only apply to a taxpayer who was the first recipient of  
25          such assets after their recovery and who is a victim of  
26          persecution for racial or religious reasons by Nazi

1 Germany or any other Axis regime or as an heir of the  
2 victim. The amount of and the eligibility for any  
3 public assistance, benefit, or similar entitlement is  
4 not affected by the inclusion of items (i) and (ii) of  
5 this paragraph in gross income for federal income tax  
6 purposes. This paragraph is exempt from the provisions  
7 of Section 250;

8 (Y) For taxable years beginning on or after January  
9 1, 2002 and ending on or before December 31, 2004,  
10 moneys contributed in the taxable year to a College  
11 Savings Pool account under Section 16.5 of the State  
12 Treasurer Act, except that amounts excluded from gross  
13 income under Section 529(c)(3)(C)(i) of the Internal  
14 Revenue Code shall not be considered moneys  
15 contributed under this subparagraph (Y). For taxable  
16 years beginning on or after January 1, 2005, a maximum  
17 of \$10,000 contributed in the taxable year to (i) a  
18 College Savings Pool account under Section 16.5 of the  
19 State Treasurer Act or (ii) the Illinois Prepaid  
20 Tuition Trust Fund, except that amounts excluded from  
21 gross income under Section 529(c)(3)(C)(i) of the  
22 Internal Revenue Code shall not be considered moneys  
23 contributed under this subparagraph (Y). For purposes  
24 of this subparagraph, contributions made by an  
25 employer on behalf of an employee, or matching  
26 contributions made by an employee, shall be treated as

1 made by the employee. This subparagraph (Y) is exempt  
2 from the provisions of Section 250;

3 (Z) For taxable years 2001 and thereafter, for the  
4 taxable year in which the bonus depreciation deduction  
5 is taken on the taxpayer's federal income tax return  
6 under subsection (k) of Section 168 of the Internal  
7 Revenue Code and for each applicable taxable year  
8 thereafter, an amount equal to "x", where:

9 (1) "y" equals the amount of the depreciation  
10 deduction taken for the taxable year on the  
11 taxpayer's federal income tax return on property  
12 for which the bonus depreciation deduction was  
13 taken in any year under subsection (k) of Section  
14 168 of the Internal Revenue Code, but not including  
15 the bonus depreciation deduction;

16 (2) for taxable years ending on or before  
17 December 31, 2005, "x" equals "y" multiplied by 30  
18 and then divided by 70 (or "y" multiplied by  
19 0.429); and

20 (3) for taxable years ending after December  
21 31, 2005:

22 (i) for property on which a bonus  
23 depreciation deduction of 30% of the adjusted  
24 basis was taken, "x" equals "y" multiplied by  
25 30 and then divided by 70 (or "y" multiplied by  
26 0.429); and

1                   (ii) for property on which a bonus  
2                   depreciation deduction of 50% of the adjusted  
3                   basis was taken, "x" equals "y" multiplied by  
4                   1.0.

5                   The aggregate amount deducted under this  
6                   subparagraph in all taxable years for any one piece of  
7                   property may not exceed the amount of the bonus  
8                   depreciation deduction taken on that property on the  
9                   taxpayer's federal income tax return under subsection  
10                  (k) of Section 168 of the Internal Revenue Code. This  
11                  subparagraph (Z) is exempt from the provisions of  
12                  Section 250;

13                  (AA) If the taxpayer sells, transfers, abandons,  
14                  or otherwise disposes of property for which the  
15                  taxpayer was required in any taxable year to make an  
16                  addition modification under subparagraph (D-15), then  
17                  an amount equal to that addition modification.

18                  If the taxpayer continues to own property through  
19                  the last day of the last tax year for which the  
20                  taxpayer may claim a depreciation deduction for  
21                  federal income tax purposes and for which the taxpayer  
22                  was required in any taxable year to make an addition  
23                  modification under subparagraph (D-15), then an amount  
24                  equal to that addition modification.

25                  The taxpayer is allowed to take the deduction under  
26                  this subparagraph only once with respect to any one

1 piece of property.

2 This subparagraph (AA) is exempt from the  
3 provisions of Section 250;

4 (BB) Any amount included in adjusted gross income,  
5 other than salary, received by a driver in a  
6 ridesharing arrangement using a motor vehicle;

7 (CC) The amount of (i) any interest income (net of  
8 the deductions allocable thereto) taken into account  
9 for the taxable year with respect to a transaction with  
10 a taxpayer that is required to make an addition  
11 modification with respect to such transaction under  
12 Section 203(a)(2)(D-17), 203(b)(2)(E-12),  
13 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
14 the amount of that addition modification, and (ii) any  
15 income from intangible property (net of the deductions  
16 allocable thereto) taken into account for the taxable  
17 year with respect to a transaction with a taxpayer that  
18 is required to make an addition modification with  
19 respect to such transaction under Section  
20 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
21 203(d)(2)(D-8), but not to exceed the amount of that  
22 addition modification. This subparagraph (CC) is  
23 exempt from the provisions of Section 250;

24 (DD) An amount equal to the interest income taken  
25 into account for the taxable year (net of the  
26 deductions allocable thereto) with respect to

1 transactions with (i) a foreign person who would be a  
2 member of the taxpayer's unitary business group but for  
3 the fact that the foreign person's business activity  
4 outside the United States is 80% or more of that  
5 person's total business activity and (ii) for taxable  
6 years ending on or after December 31, 2008, to a person  
7 who would be a member of the same unitary business  
8 group but for the fact that the person is prohibited  
9 under Section 1501(a)(27) from being included in the  
10 unitary business group because he or she is ordinarily  
11 required to apportion business income under different  
12 subsections of Section 304, but not to exceed the  
13 addition modification required to be made for the same  
14 taxable year under Section 203(a)(2)(D-17) for  
15 interest paid, accrued, or incurred, directly or  
16 indirectly, to the same person. This subparagraph (DD)  
17 is exempt from the provisions of Section 250;

18 (EE) An amount equal to the income from intangible  
19 property taken into account for the taxable year (net  
20 of the deductions allocable thereto) with respect to  
21 transactions with (i) a foreign person who would be a  
22 member of the taxpayer's unitary business group but for  
23 the fact that the foreign person's business activity  
24 outside the United States is 80% or more of that  
25 person's total business activity and (ii) for taxable  
26 years ending on or after December 31, 2008, to a person



1           who would be a member of the same unitary business  
2           group but for the fact that the person is prohibited  
3           under Section 1501(a)(27) from being included in the  
4           unitary business group because he or she is ordinarily  
5           required to apportion business income under different  
6           subsections of Section 304, but not to exceed the  
7           addition modification required to be made for the same  
8           taxable year under Section 203(a)(2)(D-18) for  
9           intangible expenses and costs paid, accrued, or  
10          incurred, directly or indirectly, to the same foreign  
11          person. This subparagraph (EE) is exempt from the  
12          provisions of Section 250;

13           (F) An amount equal to any amount awarded to the  
14          taxpayer during the taxable year by the Court of Claims  
15          under subsection (c) of Section 8 of the Court of  
16          Claims Act for time unjustly served in a State prison.  
17          This subparagraph (FF) is exempt from the provisions of  
18          Section 250; and

19           (G) For taxable years ending on or after December  
20          31, 2011, in the case of a taxpayer who was required to  
21          add back any insurance premiums under Section  
22          203(a)(2)(D-19), such taxpayer may elect to subtract  
23          that part of a reimbursement received from the  
24          insurance company equal to the amount of the expense or  
25          loss (including expenses incurred by the insurance  
26          company) that would have been taken into account as a

1 deduction for federal income tax purposes if the  
2 expense or loss had been uninsured. If a taxpayer makes  
3 the election provided for by this subparagraph (GG),  
4 the insurer to which the premiums were paid must add  
5 back to income the amount subtracted by the taxpayer  
6 pursuant to this subparagraph (GG). This subparagraph  
7 (GG) is exempt from the provisions of Section 250.

8 (b) Corporations.

9 (1) In general. In the case of a corporation, base  
10 income means an amount equal to the taxpayer's taxable  
11 income for the taxable year as modified by paragraph (2).

12 (2) Modifications. The taxable income referred to in  
13 paragraph (1) shall be modified by adding thereto the sum  
14 of the following amounts:

15 (A) An amount equal to all amounts paid or accrued  
16 to the taxpayer as interest and all distributions  
17 received from regulated investment companies during  
18 the taxable year to the extent excluded from gross  
19 income in the computation of taxable income;

20 (B) An amount equal to the amount of tax imposed by  
21 this Act to the extent deducted from gross income in  
22 the computation of taxable income for the taxable year;

23 (C) In the case of a regulated investment company,  
24 an amount equal to the excess of (i) the net long-term  
25 capital gain for the taxable year, over (ii) the amount

1 of the capital gain dividends designated as such in  
2 accordance with Section 852(b)(3)(C) of the Internal  
3 Revenue Code and any amount designated under Section  
4 852(b)(3)(D) of the Internal Revenue Code,  
5 attributable to the taxable year (this amendatory Act  
6 of 1995 (Public Act 89-89) is declarative of existing  
7 law and is not a new enactment);

8 (D) The amount of any net operating loss deduction  
9 taken in arriving at taxable income, other than a net  
10 operating loss carried forward from a taxable year  
11 ending prior to December 31, 1986;

12 (E) For taxable years in which a net operating loss  
13 carryback or carryforward from a taxable year ending  
14 prior to December 31, 1986 is an element of taxable  
15 income under paragraph (1) of subsection (e) or  
16 subparagraph (E) of paragraph (2) of subsection (e),  
17 the amount by which addition modifications other than  
18 those provided by this subparagraph (E) exceeded  
19 subtraction modifications in such earlier taxable  
20 year, with the following limitations applied in the  
21 order that they are listed:

22 (i) the addition modification relating to the  
23 net operating loss carried back or forward to the  
24 taxable year from any taxable year ending prior to  
25 December 31, 1986 shall be reduced by the amount of  
26 addition modification under this subparagraph (E)

1           which related to that net operating loss and which  
2           was taken into account in calculating the base  
3           income of an earlier taxable year, and

4           (ii) the addition modification relating to the  
5           net operating loss carried back or forward to the  
6           taxable year from any taxable year ending prior to  
7           December 31, 1986 shall not exceed the amount of  
8           such carryback or carryforward;

9           For taxable years in which there is a net operating  
10          loss carryback or carryforward from more than one other  
11          taxable year ending prior to December 31, 1986, the  
12          addition modification provided in this subparagraph  
13          (E) shall be the sum of the amounts computed  
14          independently under the preceding provisions of this  
15          subparagraph (E) for each such taxable year;

16          (E-5) For taxable years ending after December 31,  
17          1997, an amount equal to any eligible remediation costs  
18          that the corporation deducted in computing adjusted  
19          gross income and for which the corporation claims a  
20          credit under subsection (l) of Section 201;

21          (E-10) For taxable years 2001 and thereafter, an  
22          amount equal to the bonus depreciation deduction taken  
23          on the taxpayer's federal income tax return for the  
24          taxable year under subsection (k) of Section 168 of the  
25          Internal Revenue Code;

26          (E-11) If the taxpayer sells, transfers, abandons,

1 or otherwise disposes of property for which the  
2 taxpayer was required in any taxable year to make an  
3 addition modification under subparagraph (E-10), then  
4 an amount equal to the aggregate amount of the  
5 deductions taken in all taxable years under  
6 subparagraph (T) with respect to that property.

7 If the taxpayer continues to own property through  
8 the last day of the last tax year for which the  
9 taxpayer may claim a depreciation deduction for  
10 federal income tax purposes and for which the taxpayer  
11 was allowed in any taxable year to make a subtraction  
12 modification under subparagraph (T), then an amount  
13 equal to that subtraction modification.

14 The taxpayer is required to make the addition  
15 modification under this subparagraph only once with  
16 respect to any one piece of property;

17 (E-12) An amount equal to the amount otherwise  
18 allowed as a deduction in computing base income for  
19 interest paid, accrued, or incurred, directly or  
20 indirectly, (i) for taxable years ending on or after  
21 December 31, 2004, to a foreign person who would be a  
22 member of the same unitary business group but for the  
23 fact the foreign person's business activity outside  
24 the United States is 80% or more of the foreign  
25 person's total business activity and (ii) for taxable  
26 years ending on or after December 31, 2008, to a person

1           who would be a member of the same unitary business  
2           group but for the fact that the person is prohibited  
3           under Section 1501(a)(27) from being included in the  
4           unitary business group because he or she is ordinarily  
5           required to apportion business income under different  
6           subsections of Section 304. The addition modification  
7           required by this subparagraph shall be reduced to the  
8           extent that dividends were included in base income of  
9           the unitary group for the same taxable year and  
10          received by the taxpayer or by a member of the  
11          taxpayer's unitary business group (including amounts  
12          included in gross income pursuant to Sections 951  
13          through 964 of the Internal Revenue Code and amounts  
14          included in gross income under Section 78 of the  
15          Internal Revenue Code) with respect to the stock of the  
16          same person to whom the interest was paid, accrued, or  
17          incurred.

18                 This paragraph shall not apply to the following:

19                         (i) an item of interest paid, accrued, or  
20                         incurred, directly or indirectly, to a person who  
21                         is subject in a foreign country or state, other  
22                         than a state which requires mandatory unitary  
23                         reporting, to a tax on or measured by net income  
24                         with respect to such interest; or

25                         (ii) an item of interest paid, accrued, or  
26                         incurred, directly or indirectly, to a person if

1           the taxpayer can establish, based on a  
2           preponderance of the evidence, both of the  
3           following:

4                   (a) the person, during the same taxable  
5                   year, paid, accrued, or incurred, the interest  
6                   to a person that is not a related member, and

7                   (b) the transaction giving rise to the  
8                   interest expense between the taxpayer and the  
9                   person did not have as a principal purpose the  
10                  avoidance of Illinois income tax, and is paid  
11                  pursuant to a contract or agreement that  
12                  reflects an arm's-length interest rate and  
13                  terms; or

14                  (iii) the taxpayer can establish, based on  
15                  clear and convincing evidence, that the interest  
16                  paid, accrued, or incurred relates to a contract or  
17                  agreement entered into at arm's-length rates and  
18                  terms and the principal purpose for the payment is  
19                  not federal or Illinois tax avoidance; or

20                  (iv) an item of interest paid, accrued, or  
21                  incurred, directly or indirectly, to a person if  
22                  the taxpayer establishes by clear and convincing  
23                  evidence that the adjustments are unreasonable; or  
24                  if the taxpayer and the Director agree in writing  
25                  to the application or use of an alternative method  
26                  of apportionment under Section 304(f).

1           Nothing in this subsection shall preclude the  
2           Director from making any other adjustment  
3           otherwise allowed under Section 404 of this Act for  
4           any tax year beginning after the effective date of  
5           this amendment provided such adjustment is made  
6           pursuant to regulation adopted by the Department  
7           and such regulations provide methods and standards  
8           by which the Department will utilize its authority  
9           under Section 404 of this Act;

10           (E-13) An amount equal to the amount of intangible  
11           expenses and costs otherwise allowed as a deduction in  
12           computing base income, and that were paid, accrued, or  
13           incurred, directly or indirectly, (i) for taxable  
14           years ending on or after December 31, 2004, to a  
15           foreign person who would be a member of the same  
16           unitary business group but for the fact that the  
17           foreign person's business activity outside the United  
18           States is 80% or more of that person's total business  
19           activity and (ii) for taxable years ending on or after  
20           December 31, 2008, to a person who would be a member of  
21           the same unitary business group but for the fact that  
22           the person is prohibited under Section 1501(a)(27)  
23           from being included in the unitary business group  
24           because he or she is ordinarily required to apportion  
25           business income under different subsections of Section  
26           304. The addition modification required by this



1           subparagraph shall be reduced to the extent that  
2           dividends were included in base income of the unitary  
3           group for the same taxable year and received by the  
4           taxpayer or by a member of the taxpayer's unitary  
5           business group (including amounts included in gross  
6           income pursuant to Sections 951 through 964 of the  
7           Internal Revenue Code and amounts included in gross  
8           income under Section 78 of the Internal Revenue Code)  
9           with respect to the stock of the same person to whom  
10          the intangible expenses and costs were directly or  
11          indirectly paid, incurred, or accrued. The preceding  
12          sentence shall not apply to the extent that the same  
13          dividends caused a reduction to the addition  
14          modification required under Section 203(b)(2)(E-12) of  
15          this Act. As used in this subparagraph, the term  
16          "intangible expenses and costs" includes (1) expenses,  
17          losses, and costs for, or related to, the direct or  
18          indirect acquisition, use, maintenance or management,  
19          ownership, sale, exchange, or any other disposition of  
20          intangible property; (2) losses incurred, directly or  
21          indirectly, from factoring transactions or discounting  
22          transactions; (3) royalty, patent, technical, and  
23          copyright fees; (4) licensing fees; and (5) other  
24          similar expenses and costs. For purposes of this  
25          subparagraph, "intangible property" includes patents,  
26          patent applications, trade names, trademarks, service

1 marks, copyrights, mask works, trade secrets, and  
2 similar types of intangible assets.

3 This paragraph shall not apply to the following:

4 (i) any item of intangible expenses or costs  
5 paid, accrued, or incurred, directly or  
6 indirectly, from a transaction with a person who is  
7 subject in a foreign country or state, other than a  
8 state which requires mandatory unitary reporting,  
9 to a tax on or measured by net income with respect  
10 to such item; or

11 (ii) any item of intangible expense or cost  
12 paid, accrued, or incurred, directly or  
13 indirectly, if the taxpayer can establish, based  
14 on a preponderance of the evidence, both of the  
15 following:

16 (a) the person during the same taxable  
17 year paid, accrued, or incurred, the  
18 intangible expense or cost to a person that is  
19 not a related member, and

20 (b) the transaction giving rise to the  
21 intangible expense or cost between the  
22 taxpayer and the person did not have as a  
23 principal purpose the avoidance of Illinois  
24 income tax, and is paid pursuant to a contract  
25 or agreement that reflects arm's-length terms;  
26 or

1           (iii) any item of intangible expense or cost  
2           paid, accrued, or incurred, directly or  
3           indirectly, from a transaction with a person if the  
4           taxpayer establishes by clear and convincing  
5           evidence, that the adjustments are unreasonable;  
6           or if the taxpayer and the Director agree in  
7           writing to the application or use of an alternative  
8           method of apportionment under Section 304(f);

9           Nothing in this subsection shall preclude the  
10          Director from making any other adjustment  
11          otherwise allowed under Section 404 of this Act for  
12          any tax year beginning after the effective date of  
13          this amendment provided such adjustment is made  
14          pursuant to regulation adopted by the Department  
15          and such regulations provide methods and standards  
16          by which the Department will utilize its authority  
17          under Section 404 of this Act;

18          (E-14) For taxable years ending on or after  
19          December 31, 2008, an amount equal to the amount of  
20          insurance premium expenses and costs otherwise allowed  
21          as a deduction in computing base income, and that were  
22          paid, accrued, or incurred, directly or indirectly, to  
23          a person who would be a member of the same unitary  
24          business group but for the fact that the person is  
25          prohibited under Section 1501(a)(27) from being  
26          included in the unitary business group because he or

1 she is ordinarily required to apportion business  
2 income under different subsections of Section 304. The  
3 addition modification required by this subparagraph  
4 shall be reduced to the extent that dividends were  
5 included in base income of the unitary group for the  
6 same taxable year and received by the taxpayer or by a  
7 member of the taxpayer's unitary business group  
8 (including amounts included in gross income under  
9 Sections 951 through 964 of the Internal Revenue Code  
10 and amounts included in gross income under Section 78  
11 of the Internal Revenue Code) with respect to the stock  
12 of the same person to whom the premiums and costs were  
13 directly or indirectly paid, incurred, or accrued. The  
14 preceding sentence does not apply to the extent that  
15 the same dividends caused a reduction to the addition  
16 modification required under Section 203(b)(2)(E-12) or  
17 Section 203(b)(2)(E-13) of this Act;

18 (E-15) For taxable years beginning after December  
19 31, 2008, any deduction for dividends paid by a captive  
20 real estate investment trust that is allowed to a real  
21 estate investment trust under Section 857(b)(2)(B) of  
22 the Internal Revenue Code for dividends paid;

23 (E-16) An amount equal to the credit allowable to  
24 the taxpayer under Section 218(a) of this Act,  
25 determined without regard to Section 218(c) of this  
26 Act;

1           (E-17) For taxable years ending on or after  
2           December 31, 2017, an amount equal to the deduction  
3           allowed under Section 199 of the Internal Revenue Code  
4           for the taxable year;

5           and by deducting from the total so obtained the sum of the  
6           following amounts:

7           (F) An amount equal to the amount of any tax  
8           imposed by this Act which was refunded to the taxpayer  
9           and included in such total for the taxable year;

10          (G) An amount equal to any amount included in such  
11          total under Section 78 of the Internal Revenue Code;

12          (H) In the case of a regulated investment company,  
13          an amount equal to the amount of exempt interest  
14          dividends as defined in subsection (b) (5) of Section  
15          852 of the Internal Revenue Code, paid to shareholders  
16          for the taxable year;

17          (I) With the exception of any amounts subtracted  
18          under subparagraph (J), an amount equal to the sum of  
19          all amounts disallowed as deductions by (i) Sections  
20          171(a) (2), and 265(a) (2) and amounts disallowed as  
21          interest expense by Section 291(a) (3) of the Internal  
22          Revenue Code, and all amounts of expenses allocable to  
23          interest and disallowed as deductions by Section  
24          265(a) (1) of the Internal Revenue Code; and (ii) for  
25          taxable years ending on or after August 13, 1999,  
26          Sections 171(a) (2), 265, 280C, 291(a) (3), and

1 832(b)(5)(B)(i) of the Internal Revenue Code, plus,  
2 for tax years ending on or after December 31, 2011,  
3 amounts disallowed as deductions by Section 45G(e)(3)  
4 of the Internal Revenue Code and, for taxable years  
5 ending on or after December 31, 2008, any amount  
6 included in gross income under Section 87 of the  
7 Internal Revenue Code and the policyholders' share of  
8 tax-exempt interest of a life insurance company under  
9 Section 807(a)(2)(B) of the Internal Revenue Code (in  
10 the case of a life insurance company with gross income  
11 from a decrease in reserves for the tax year) or  
12 Section 807(b)(1)(B) of the Internal Revenue Code (in  
13 the case of a life insurance company allowed a  
14 deduction for an increase in reserves for the tax  
15 year); the provisions of this subparagraph are exempt  
16 from the provisions of Section 250;

17 (J) An amount equal to all amounts included in such  
18 total which are exempt from taxation by this State  
19 either by reason of its statutes or Constitution or by  
20 reason of the Constitution, treaties or statutes of the  
21 United States; provided that, in the case of any  
22 statute of this State that exempts income derived from  
23 bonds or other obligations from the tax imposed under  
24 this Act, the amount exempted shall be the interest net  
25 of bond premium amortization;

26 (K) An amount equal to those dividends included in

1           such total which were paid by a corporation which  
2           conducts business operations in a River Edge  
3           Redevelopment Zone or zones created under the River  
4           Edge Redevelopment Zone Act and conducts substantially  
5           all of its operations in a River Edge Redevelopment  
6           Zone or zones. This subparagraph (K) is exempt from the  
7           provisions of Section 250;

8           (L) An amount equal to those dividends included in  
9           such total that were paid by a corporation that  
10          conducts business operations in a federally designated  
11          Foreign Trade Zone or Sub-Zone and that is designated a  
12          High Impact Business located in Illinois; provided  
13          that dividends eligible for the deduction provided in  
14          subparagraph (K) of paragraph 2 of this subsection  
15          shall not be eligible for the deduction provided under  
16          this subparagraph (L);

17          (M) For any taxpayer that is a financial  
18          organization within the meaning of Section 304(c) of  
19          this Act, an amount included in such total as interest  
20          income from a loan or loans made by such taxpayer to a  
21          borrower, to the extent that such a loan is secured by  
22          property which is eligible for the River Edge  
23          Redevelopment Zone Investment Credit. To determine the  
24          portion of a loan or loans that is secured by property  
25          eligible for a Section 201(f) investment credit to the  
26          borrower, the entire principal amount of the loan or

1 loans between the taxpayer and the borrower should be  
2 divided into the basis of the Section 201(f) investment  
3 credit property which secures the loan or loans, using  
4 for this purpose the original basis of such property on  
5 the date that it was placed in service in the River  
6 Edge Redevelopment Zone. The subtraction modification  
7 available to taxpayer in any year under this subsection  
8 shall be that portion of the total interest paid by the  
9 borrower with respect to such loan attributable to the  
10 eligible property as calculated under the previous  
11 sentence. This subparagraph (M) is exempt from the  
12 provisions of Section 250;

13 (M-1) For any taxpayer that is a financial  
14 organization within the meaning of Section 304(c) of  
15 this Act, an amount included in such total as interest  
16 income from a loan or loans made by such taxpayer to a  
17 borrower, to the extent that such a loan is secured by  
18 property which is eligible for the High Impact Business  
19 Investment Credit. To determine the portion of a loan  
20 or loans that is secured by property eligible for a  
21 Section 201(h) investment credit to the borrower, the  
22 entire principal amount of the loan or loans between  
23 the taxpayer and the borrower should be divided into  
24 the basis of the Section 201(h) investment credit  
25 property which secures the loan or loans, using for  
26 this purpose the original basis of such property on the



1 date that it was placed in service in a federally  
2 designated Foreign Trade Zone or Sub-Zone located in  
3 Illinois. No taxpayer that is eligible for the  
4 deduction provided in subparagraph (M) of paragraph  
5 (2) of this subsection shall be eligible for the  
6 deduction provided under this subparagraph (M-1). The  
7 subtraction modification available to taxpayers in any  
8 year under this subsection shall be that portion of the  
9 total interest paid by the borrower with respect to  
10 such loan attributable to the eligible property as  
11 calculated under the previous sentence;

12 (N) Two times any contribution made during the  
13 taxable year to a designated zone organization to the  
14 extent that the contribution (i) qualifies as a  
15 charitable contribution under subsection (c) of  
16 Section 170 of the Internal Revenue Code and (ii) must,  
17 by its terms, be used for a project approved by the  
18 Department of Commerce and Economic Opportunity under  
19 Section 11 of the Illinois Enterprise Zone Act or under  
20 Section 10-10 of the River Edge Redevelopment Zone Act.  
21 This subparagraph (N) is exempt from the provisions of  
22 Section 250;

23 (O) An amount equal to: (i) 85% for taxable years  
24 ending on or before December 31, 1992, or, a percentage  
25 equal to the percentage allowable under Section  
26 243(a)(1) of the Internal Revenue Code of 1986 for

1 taxable years ending after December 31, 1992, of the  
2 amount by which dividends included in taxable income  
3 and received from a corporation that is not created or  
4 organized under the laws of the United States or any  
5 state or political subdivision thereof, including, for  
6 taxable years ending on or after December 31, 1988,  
7 dividends received or deemed received or paid or deemed  
8 paid under Sections 951 through 965 of the Internal  
9 Revenue Code, exceed the amount of the modification  
10 provided under subparagraph (G) of paragraph (2) of  
11 this subsection (b) which is related to such dividends,  
12 and including, for taxable years ending on or after  
13 December 31, 2008, dividends received from a captive  
14 real estate investment trust; plus (ii) 100% of the  
15 amount by which dividends, included in taxable income  
16 and received, including, for taxable years ending on or  
17 after December 31, 1988, dividends received or deemed  
18 received or paid or deemed paid under Sections 951  
19 through 964 of the Internal Revenue Code and including,  
20 for taxable years ending on or after December 31, 2008,  
21 dividends received from a captive real estate  
22 investment trust, from any such corporation specified  
23 in clause (i) that would but for the provisions of  
24 Section 1504 (b) (3) of the Internal Revenue Code be  
25 treated as a member of the affiliated group which  
26 includes the dividend recipient, exceed the amount of

1 the modification provided under subparagraph (G) of  
2 paragraph (2) of this subsection (b) which is related  
3 to such dividends. This subparagraph (O) is exempt from  
4 the provisions of Section 250 of this Act;

5 (P) An amount equal to any contribution made to a  
6 job training project established pursuant to the Tax  
7 Increment Allocation Redevelopment Act;

8 (Q) An amount equal to the amount of the deduction  
9 used to compute the federal income tax credit for  
10 restoration of substantial amounts held under claim of  
11 right for the taxable year pursuant to Section 1341 of  
12 the Internal Revenue Code;

13 (R) On and after July 20, 1999, in the case of an  
14 attorney-in-fact with respect to whom an interinsurer  
15 or a reciprocal insurer has made the election under  
16 Section 835 of the Internal Revenue Code, 26 U.S.C.  
17 835, an amount equal to the excess, if any, of the  
18 amounts paid or incurred by that interinsurer or  
19 reciprocal insurer in the taxable year to the  
20 attorney-in-fact over the deduction allowed to that  
21 interinsurer or reciprocal insurer with respect to the  
22 attorney-in-fact under Section 835(b) of the Internal  
23 Revenue Code for the taxable year; the provisions of  
24 this subparagraph are exempt from the provisions of  
25 Section 250;

26 (S) For taxable years ending on or after December

1           31, 1997, in the case of a Subchapter S corporation, an  
2           amount equal to all amounts of income allocable to a  
3           shareholder subject to the Personal Property Tax  
4           Replacement Income Tax imposed by subsections (c) and  
5           (d) of Section 201 of this Act, including amounts  
6           allocable to organizations exempt from federal income  
7           tax by reason of Section 501(a) of the Internal Revenue  
8           Code. This subparagraph (S) is exempt from the  
9           provisions of Section 250;

10           (T) For taxable years 2001 and thereafter, for the  
11           taxable year in which the bonus depreciation deduction  
12           is taken on the taxpayer's federal income tax return  
13           under subsection (k) of Section 168 of the Internal  
14           Revenue Code and for each applicable taxable year  
15           thereafter, an amount equal to "x", where:

16           (1) "y" equals the amount of the depreciation  
17           deduction taken for the taxable year on the  
18           taxpayer's federal income tax return on property  
19           for which the bonus depreciation deduction was  
20           taken in any year under subsection (k) of Section  
21           168 of the Internal Revenue Code, but not including  
22           the bonus depreciation deduction;

23           (2) for taxable years ending on or before  
24           December 31, 2005, "x" equals "y" multiplied by 30  
25           and then divided by 70 (or "y" multiplied by  
26           0.429); and

1                   (3) for taxable years ending after December  
2                   31, 2005:

3                   (i) for property on which a bonus  
4                   depreciation deduction of 30% of the adjusted  
5                   basis was taken, "x" equals "y" multiplied by  
6                   30 and then divided by 70 (or "y" multiplied by  
7                   0.429); and

8                   (ii) for property on which a bonus  
9                   depreciation deduction of 50% of the adjusted  
10                   basis was taken, "x" equals "y" multiplied by  
11                   1.0.

12                   The aggregate amount deducted under this  
13                   subparagraph in all taxable years for any one piece of  
14                   property may not exceed the amount of the bonus  
15                   depreciation deduction taken on that property on the  
16                   taxpayer's federal income tax return under subsection  
17                   (k) of Section 168 of the Internal Revenue Code. This  
18                   subparagraph (T) is exempt from the provisions of  
19                   Section 250;

20                   (U) If the taxpayer sells, transfers, abandons, or  
21                   otherwise disposes of property for which the taxpayer  
22                   was required in any taxable year to make an addition  
23                   modification under subparagraph (E-10), then an amount  
24                   equal to that addition modification.

25                   If the taxpayer continues to own property through  
26                   the last day of the last tax year for which the

1 taxpayer may claim a depreciation deduction for  
2 federal income tax purposes and for which the taxpayer  
3 was required in any taxable year to make an addition  
4 modification under subparagraph (E-10), then an amount  
5 equal to that addition modification.

6 The taxpayer is allowed to take the deduction under  
7 this subparagraph only once with respect to any one  
8 piece of property.

9 This subparagraph (U) is exempt from the  
10 provisions of Section 250;

11 (V) The amount of: (i) any interest income (net of  
12 the deductions allocable thereto) taken into account  
13 for the taxable year with respect to a transaction with  
14 a taxpayer that is required to make an addition  
15 modification with respect to such transaction under  
16 Section 203(a)(2)(D-17), 203(b)(2)(E-12),  
17 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
18 the amount of such addition modification, (ii) any  
19 income from intangible property (net of the deductions  
20 allocable thereto) taken into account for the taxable  
21 year with respect to a transaction with a taxpayer that  
22 is required to make an addition modification with  
23 respect to such transaction under Section  
24 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
25 203(d)(2)(D-8), but not to exceed the amount of such  
26 addition modification, and (iii) any insurance premium

1 income (net of deductions allocable thereto) taken  
2 into account for the taxable year with respect to a  
3 transaction with a taxpayer that is required to make an  
4 addition modification with respect to such transaction  
5 under Section 203(a)(2)(D-19), Section  
6 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section  
7 203(d)(2)(D-9), but not to exceed the amount of that  
8 addition modification. This subparagraph (V) is exempt  
9 from the provisions of Section 250;

10 (W) An amount equal to the interest income taken  
11 into account for the taxable year (net of the  
12 deductions allocable thereto) with respect to  
13 transactions with (i) a foreign person who would be a  
14 member of the taxpayer's unitary business group but for  
15 the fact that the foreign person's business activity  
16 outside the United States is 80% or more of that  
17 person's total business activity and (ii) for taxable  
18 years ending on or after December 31, 2008, to a person  
19 who would be a member of the same unitary business  
20 group but for the fact that the person is prohibited  
21 under Section 1501(a)(27) from being included in the  
22 unitary business group because he or she is ordinarily  
23 required to apportion business income under different  
24 subsections of Section 304, but not to exceed the  
25 addition modification required to be made for the same  
26 taxable year under Section 203(b)(2)(E-12) for

1 interest paid, accrued, or incurred, directly or  
2 indirectly, to the same person. This subparagraph (W)  
3 is exempt from the provisions of Section 250;

4 (X) An amount equal to the income from intangible  
5 property taken into account for the taxable year (net  
6 of the deductions allocable thereto) with respect to  
7 transactions with (i) a foreign person who would be a  
8 member of the taxpayer's unitary business group but for  
9 the fact that the foreign person's business activity  
10 outside the United States is 80% or more of that  
11 person's total business activity and (ii) for taxable  
12 years ending on or after December 31, 2008, to a person  
13 who would be a member of the same unitary business  
14 group but for the fact that the person is prohibited  
15 under Section 1501(a)(27) from being included in the  
16 unitary business group because he or she is ordinarily  
17 required to apportion business income under different  
18 subsections of Section 304, but not to exceed the  
19 addition modification required to be made for the same  
20 taxable year under Section 203(b)(2)(E-13) for  
21 intangible expenses and costs paid, accrued, or  
22 incurred, directly or indirectly, to the same foreign  
23 person. This subparagraph (X) is exempt from the  
24 provisions of Section 250;

25 (Y) For taxable years ending on or after December  
26 31, 2011, in the case of a taxpayer who was required to



1 add back any insurance premiums under Section  
2 203(b) (2) (E-14), such taxpayer may elect to subtract  
3 that part of a reimbursement received from the  
4 insurance company equal to the amount of the expense or  
5 loss (including expenses incurred by the insurance  
6 company) that would have been taken into account as a  
7 deduction for federal income tax purposes if the  
8 expense or loss had been uninsured. If a taxpayer makes  
9 the election provided for by this subparagraph (Y), the  
10 insurer to which the premiums were paid must add back  
11 to income the amount subtracted by the taxpayer  
12 pursuant to this subparagraph (Y). This subparagraph  
13 (Y) is exempt from the provisions of Section 250; and

14 (Z) The difference between the nondeductible  
15 controlled foreign corporation dividends under Section  
16 965(e) (3) of the Internal Revenue Code over the taxable  
17 income of the taxpayer, computed without regard to  
18 Section 965(e) (2) (A) of the Internal Revenue Code, and  
19 without regard to any net operating loss deduction.  
20 This subparagraph (Z) is exempt from the provisions of  
21 Section 250.

22 (3) Special rule. For purposes of paragraph (2) (A),  
23 "gross income" in the case of a life insurance company, for  
24 tax years ending on and after December 31, 1994, and prior  
25 to December 31, 2011, shall mean the gross investment  
26 income for the taxable year and, for tax years ending on or

1 after December 31, 2011, shall mean all amounts included in  
2 life insurance gross income under Section 803(a)(3) of the  
3 Internal Revenue Code.

4 (c) Trusts and estates.

5 (1) In general. In the case of a trust or estate, base  
6 income means an amount equal to the taxpayer's taxable  
7 income for the taxable year as modified by paragraph (2).

8 (2) Modifications. Subject to the provisions of  
9 paragraph (3), the taxable income referred to in paragraph  
10 (1) shall be modified by adding thereto the sum of the  
11 following amounts:

12 (A) An amount equal to all amounts paid or accrued  
13 to the taxpayer as interest or dividends during the  
14 taxable year to the extent excluded from gross income  
15 in the computation of taxable income;

16 (B) In the case of (i) an estate, \$600; (ii) a  
17 trust which, under its governing instrument, is  
18 required to distribute all of its income currently,  
19 \$300; and (iii) any other trust, \$100, but in each such  
20 case, only to the extent such amount was deducted in  
21 the computation of taxable income;

22 (C) An amount equal to the amount of tax imposed by  
23 this Act to the extent deducted from gross income in  
24 the computation of taxable income for the taxable year;

25 (D) The amount of any net operating loss deduction

1 taken in arriving at taxable income, other than a net  
2 operating loss carried forward from a taxable year  
3 ending prior to December 31, 1986;

4 (E) For taxable years in which a net operating loss  
5 carryback or carryforward from a taxable year ending  
6 prior to December 31, 1986 is an element of taxable  
7 income under paragraph (1) of subsection (e) or  
8 subparagraph (E) of paragraph (2) of subsection (e),  
9 the amount by which addition modifications other than  
10 those provided by this subparagraph (E) exceeded  
11 subtraction modifications in such taxable year, with  
12 the following limitations applied in the order that  
13 they are listed:

14 (i) the addition modification relating to the  
15 net operating loss carried back or forward to the  
16 taxable year from any taxable year ending prior to  
17 December 31, 1986 shall be reduced by the amount of  
18 addition modification under this subparagraph (E)  
19 which related to that net operating loss and which  
20 was taken into account in calculating the base  
21 income of an earlier taxable year, and

22 (ii) the addition modification relating to the  
23 net operating loss carried back or forward to the  
24 taxable year from any taxable year ending prior to  
25 December 31, 1986 shall not exceed the amount of  
26 such carryback or carryforward;

1           For taxable years in which there is a net operating  
2           loss carryback or carryforward from more than one other  
3           taxable year ending prior to December 31, 1986, the  
4           addition modification provided in this subparagraph  
5           (E) shall be the sum of the amounts computed  
6           independently under the preceding provisions of this  
7           subparagraph (E) for each such taxable year;

8           (F) For taxable years ending on or after January 1,  
9           1989, an amount equal to the tax deducted pursuant to  
10          Section 164 of the Internal Revenue Code if the trust  
11          or estate is claiming the same tax for purposes of the  
12          Illinois foreign tax credit under Section 601 of this  
13          Act;

14          (G) An amount equal to the amount of the capital  
15          gain deduction allowable under the Internal Revenue  
16          Code, to the extent deducted from gross income in the  
17          computation of taxable income;

18          (G-5) For taxable years ending after December 31,  
19          1997, an amount equal to any eligible remediation costs  
20          that the trust or estate deducted in computing adjusted  
21          gross income and for which the trust or estate claims a  
22          credit under subsection (l) of Section 201;

23          (G-10) For taxable years 2001 and thereafter, an  
24          amount equal to the bonus depreciation deduction taken  
25          on the taxpayer's federal income tax return for the  
26          taxable year under subsection (k) of Section 168 of the

1 Internal Revenue Code; and

2 (G-11) If the taxpayer sells, transfers, abandons,  
3 or otherwise disposes of property for which the  
4 taxpayer was required in any taxable year to make an  
5 addition modification under subparagraph (G-10), then  
6 an amount equal to the aggregate amount of the  
7 deductions taken in all taxable years under  
8 subparagraph (R) with respect to that property.

9 If the taxpayer continues to own property through  
10 the last day of the last tax year for which the  
11 taxpayer may claim a depreciation deduction for  
12 federal income tax purposes and for which the taxpayer  
13 was allowed in any taxable year to make a subtraction  
14 modification under subparagraph (R), then an amount  
15 equal to that subtraction modification.

16 The taxpayer is required to make the addition  
17 modification under this subparagraph only once with  
18 respect to any one piece of property;

19 (G-12) An amount equal to the amount otherwise  
20 allowed as a deduction in computing base income for  
21 interest paid, accrued, or incurred, directly or  
22 indirectly, (i) for taxable years ending on or after  
23 December 31, 2004, to a foreign person who would be a  
24 member of the same unitary business group but for the  
25 fact that the foreign person's business activity  
26 outside the United States is 80% or more of the foreign

1 person's total business activity and (ii) for taxable  
2 years ending on or after December 31, 2008, to a person  
3 who would be a member of the same unitary business  
4 group but for the fact that the person is prohibited  
5 under Section 1501(a)(27) from being included in the  
6 unitary business group because he or she is ordinarily  
7 required to apportion business income under different  
8 subsections of Section 304. The addition modification  
9 required by this subparagraph shall be reduced to the  
10 extent that dividends were included in base income of  
11 the unitary group for the same taxable year and  
12 received by the taxpayer or by a member of the  
13 taxpayer's unitary business group (including amounts  
14 included in gross income pursuant to Sections 951  
15 through 964 of the Internal Revenue Code and amounts  
16 included in gross income under Section 78 of the  
17 Internal Revenue Code) with respect to the stock of the  
18 same person to whom the interest was paid, accrued, or  
19 incurred.

20 This paragraph shall not apply to the following:

21 (i) an item of interest paid, accrued, or  
22 incurred, directly or indirectly, to a person who  
23 is subject in a foreign country or state, other  
24 than a state which requires mandatory unitary  
25 reporting, to a tax on or measured by net income  
26 with respect to such interest; or

1           (ii) an item of interest paid, accrued, or  
2 incurred, directly or indirectly, to a person if  
3 the taxpayer can establish, based on a  
4 preponderance of the evidence, both of the  
5 following:

6           (a) the person, during the same taxable  
7 year, paid, accrued, or incurred, the interest  
8 to a person that is not a related member, and

9           (b) the transaction giving rise to the  
10 interest expense between the taxpayer and the  
11 person did not have as a principal purpose the  
12 avoidance of Illinois income tax, and is paid  
13 pursuant to a contract or agreement that  
14 reflects an arm's-length interest rate and  
15 terms; or

16           (iii) the taxpayer can establish, based on  
17 clear and convincing evidence, that the interest  
18 paid, accrued, or incurred relates to a contract or  
19 agreement entered into at arm's-length rates and  
20 terms and the principal purpose for the payment is  
21 not federal or Illinois tax avoidance; or

22           (iv) an item of interest paid, accrued, or  
23 incurred, directly or indirectly, to a person if  
24 the taxpayer establishes by clear and convincing  
25 evidence that the adjustments are unreasonable; or  
26 if the taxpayer and the Director agree in writing

1 to the application or use of an alternative method  
2 of apportionment under Section 304(f).

3 Nothing in this subsection shall preclude the  
4 Director from making any other adjustment  
5 otherwise allowed under Section 404 of this Act for  
6 any tax year beginning after the effective date of  
7 this amendment provided such adjustment is made  
8 pursuant to regulation adopted by the Department  
9 and such regulations provide methods and standards  
10 by which the Department will utilize its authority  
11 under Section 404 of this Act;

12 (G-13) An amount equal to the amount of intangible  
13 expenses and costs otherwise allowed as a deduction in  
14 computing base income, and that were paid, accrued, or  
15 incurred, directly or indirectly, (i) for taxable  
16 years ending on or after December 31, 2004, to a  
17 foreign person who would be a member of the same  
18 unitary business group but for the fact that the  
19 foreign person's business activity outside the United  
20 States is 80% or more of that person's total business  
21 activity and (ii) for taxable years ending on or after  
22 December 31, 2008, to a person who would be a member of  
23 the same unitary business group but for the fact that  
24 the person is prohibited under Section 1501(a)(27)  
25 from being included in the unitary business group  
26 because he or she is ordinarily required to apportion



1 business income under different subsections of Section  
2 304. The addition modification required by this  
3 subparagraph shall be reduced to the extent that  
4 dividends were included in base income of the unitary  
5 group for the same taxable year and received by the  
6 taxpayer or by a member of the taxpayer's unitary  
7 business group (including amounts included in gross  
8 income pursuant to Sections 951 through 964 of the  
9 Internal Revenue Code and amounts included in gross  
10 income under Section 78 of the Internal Revenue Code)  
11 with respect to the stock of the same person to whom  
12 the intangible expenses and costs were directly or  
13 indirectly paid, incurred, or accrued. The preceding  
14 sentence shall not apply to the extent that the same  
15 dividends caused a reduction to the addition  
16 modification required under Section 203(c)(2)(G-12) of  
17 this Act. As used in this subparagraph, the term  
18 "intangible expenses and costs" includes: (1)  
19 expenses, losses, and costs for or related to the  
20 direct or indirect acquisition, use, maintenance or  
21 management, ownership, sale, exchange, or any other  
22 disposition of intangible property; (2) losses  
23 incurred, directly or indirectly, from factoring  
24 transactions or discounting transactions; (3) royalty,  
25 patent, technical, and copyright fees; (4) licensing  
26 fees; and (5) other similar expenses and costs. For

1 purposes of this subparagraph, "intangible property"  
2 includes patents, patent applications, trade names,  
3 trademarks, service marks, copyrights, mask works,  
4 trade secrets, and similar types of intangible assets.

5 This paragraph shall not apply to the following:

6 (i) any item of intangible expenses or costs  
7 paid, accrued, or incurred, directly or  
8 indirectly, from a transaction with a person who is  
9 subject in a foreign country or state, other than a  
10 state which requires mandatory unitary reporting,  
11 to a tax on or measured by net income with respect  
12 to such item; or

13 (ii) any item of intangible expense or cost  
14 paid, accrued, or incurred, directly or  
15 indirectly, if the taxpayer can establish, based  
16 on a preponderance of the evidence, both of the  
17 following:

18 (a) the person during the same taxable  
19 year paid, accrued, or incurred, the  
20 intangible expense or cost to a person that is  
21 not a related member, and

22 (b) the transaction giving rise to the  
23 intangible expense or cost between the  
24 taxpayer and the person did not have as a  
25 principal purpose the avoidance of Illinois  
26 income tax, and is paid pursuant to a contract

1 or agreement that reflects arm's-length terms;

2 or

3 (iii) any item of intangible expense or cost  
4 paid, accrued, or incurred, directly or  
5 indirectly, from a transaction with a person if the  
6 taxpayer establishes by clear and convincing  
7 evidence, that the adjustments are unreasonable;  
8 or if the taxpayer and the Director agree in  
9 writing to the application or use of an alternative  
10 method of apportionment under Section 304(f);

11 Nothing in this subsection shall preclude the  
12 Director from making any other adjustment  
13 otherwise allowed under Section 404 of this Act for  
14 any tax year beginning after the effective date of  
15 this amendment provided such adjustment is made  
16 pursuant to regulation adopted by the Department  
17 and such regulations provide methods and standards  
18 by which the Department will utilize its authority  
19 under Section 404 of this Act;

20 (G-14) For taxable years ending on or after  
21 December 31, 2008, an amount equal to the amount of  
22 insurance premium expenses and costs otherwise allowed  
23 as a deduction in computing base income, and that were  
24 paid, accrued, or incurred, directly or indirectly, to  
25 a person who would be a member of the same unitary  
26 business group but for the fact that the person is

1 prohibited under Section 1501(a)(27) from being  
2 included in the unitary business group because he or  
3 she is ordinarily required to apportion business  
4 income under different subsections of Section 304. The  
5 addition modification required by this subparagraph  
6 shall be reduced to the extent that dividends were  
7 included in base income of the unitary group for the  
8 same taxable year and received by the taxpayer or by a  
9 member of the taxpayer's unitary business group  
10 (including amounts included in gross income under  
11 Sections 951 through 964 of the Internal Revenue Code  
12 and amounts included in gross income under Section 78  
13 of the Internal Revenue Code) with respect to the stock  
14 of the same person to whom the premiums and costs were  
15 directly or indirectly paid, incurred, or accrued. The  
16 preceding sentence does not apply to the extent that  
17 the same dividends caused a reduction to the addition  
18 modification required under Section 203(c)(2)(G-12) or  
19 Section 203(c)(2)(G-13) of this Act;

20 (G-15) An amount equal to the credit allowable to  
21 the taxpayer under Section 218(a) of this Act,  
22 determined without regard to Section 218(c) of this  
23 Act;

24 (G-16) For taxable years ending on or after  
25 December 31, 2017, an amount equal to the deduction  
26 allowed under Section 199 of the Internal Revenue Code

1           for the taxable year;

2           and by deducting from the total so obtained the sum of the  
3           following amounts:

4                   (H) An amount equal to all amounts included in such  
5                   total pursuant to the provisions of Sections 402(a),  
6                   402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the  
7                   Internal Revenue Code or included in such total as  
8                   distributions under the provisions of any retirement  
9                   or disability plan for employees of any governmental  
10                   agency or unit, or retirement payments to retired  
11                   partners, which payments are excluded in computing net  
12                   earnings from self employment by Section 1402 of the  
13                   Internal Revenue Code and regulations adopted pursuant  
14                   thereto;

15                   (I) The valuation limitation amount;

16                   (J) An amount equal to the amount of any tax  
17                   imposed by this Act which was refunded to the taxpayer  
18                   and included in such total for the taxable year;

19                   (K) An amount equal to all amounts included in  
20                   taxable income as modified by subparagraphs (A), (B),  
21                   (C), (D), (E), (F) and (G) which are exempt from  
22                   taxation by this State either by reason of its statutes  
23                   or Constitution or by reason of the Constitution,  
24                   treaties or statutes of the United States; provided  
25                   that, in the case of any statute of this State that  
26                   exempts income derived from bonds or other obligations

1 from the tax imposed under this Act, the amount  
2 exempted shall be the interest net of bond premium  
3 amortization;

4 (L) With the exception of any amounts subtracted  
5 under subparagraph (K), an amount equal to the sum of  
6 all amounts disallowed as deductions by (i) Sections  
7 171(a) (2) and 265(a) (2) of the Internal Revenue Code,  
8 and all amounts of expenses allocable to interest and  
9 disallowed as deductions by Section 265(1) of the  
10 Internal Revenue Code; and (ii) for taxable years  
11 ending on or after August 13, 1999, Sections 171(a) (2),  
12 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue  
13 Code, plus, (iii) for taxable years ending on or after  
14 December 31, 2011, Section 45G(e) (3) of the Internal  
15 Revenue Code and, for taxable years ending on or after  
16 December 31, 2008, any amount included in gross income  
17 under Section 87 of the Internal Revenue Code; the  
18 provisions of this subparagraph are exempt from the  
19 provisions of Section 250;

20 (M) An amount equal to those dividends included in  
21 such total which were paid by a corporation which  
22 conducts business operations in a River Edge  
23 Redevelopment Zone or zones created under the River  
24 Edge Redevelopment Zone Act and conducts substantially  
25 all of its operations in a River Edge Redevelopment  
26 Zone or zones. This subparagraph (M) is exempt from the

1 provisions of Section 250;

2 (N) An amount equal to any contribution made to a  
3 job training project established pursuant to the Tax  
4 Increment Allocation Redevelopment Act;

5 (O) An amount equal to those dividends included in  
6 such total that were paid by a corporation that  
7 conducts business operations in a federally designated  
8 Foreign Trade Zone or Sub-Zone and that is designated a  
9 High Impact Business located in Illinois; provided  
10 that dividends eligible for the deduction provided in  
11 subparagraph (M) of paragraph (2) of this subsection  
12 shall not be eligible for the deduction provided under  
13 this subparagraph (O);

14 (P) An amount equal to the amount of the deduction  
15 used to compute the federal income tax credit for  
16 restoration of substantial amounts held under claim of  
17 right for the taxable year pursuant to Section 1341 of  
18 the Internal Revenue Code;

19 (Q) For taxable year 1999 and thereafter, an amount  
20 equal to the amount of any (i) distributions, to the  
21 extent includible in gross income for federal income  
22 tax purposes, made to the taxpayer because of his or  
23 her status as a victim of persecution for racial or  
24 religious reasons by Nazi Germany or any other Axis  
25 regime or as an heir of the victim and (ii) items of  
26 income, to the extent includible in gross income for

1 federal income tax purposes, attributable to, derived  
2 from or in any way related to assets stolen from,  
3 hidden from, or otherwise lost to a victim of  
4 persecution for racial or religious reasons by Nazi  
5 Germany or any other Axis regime immediately prior to,  
6 during, and immediately after World War II, including,  
7 but not limited to, interest on the proceeds receivable  
8 as insurance under policies issued to a victim of  
9 persecution for racial or religious reasons by Nazi  
10 Germany or any other Axis regime by European insurance  
11 companies immediately prior to and during World War II;  
12 provided, however, this subtraction from federal  
13 adjusted gross income does not apply to assets acquired  
14 with such assets or with the proceeds from the sale of  
15 such assets; provided, further, this paragraph shall  
16 only apply to a taxpayer who was the first recipient of  
17 such assets after their recovery and who is a victim of  
18 persecution for racial or religious reasons by Nazi  
19 Germany or any other Axis regime or as an heir of the  
20 victim. The amount of and the eligibility for any  
21 public assistance, benefit, or similar entitlement is  
22 not affected by the inclusion of items (i) and (ii) of  
23 this paragraph in gross income for federal income tax  
24 purposes. This paragraph is exempt from the provisions  
25 of Section 250;

26 (R) For taxable years 2001 and thereafter, for the



1 taxable year in which the bonus depreciation deduction  
2 is taken on the taxpayer's federal income tax return  
3 under subsection (k) of Section 168 of the Internal  
4 Revenue Code and for each applicable taxable year  
5 thereafter, an amount equal to "x", where:

6 (1) "y" equals the amount of the depreciation  
7 deduction taken for the taxable year on the  
8 taxpayer's federal income tax return on property  
9 for which the bonus depreciation deduction was  
10 taken in any year under subsection (k) of Section  
11 168 of the Internal Revenue Code, but not including  
12 the bonus depreciation deduction;

13 (2) for taxable years ending on or before  
14 December 31, 2005, "x" equals "y" multiplied by 30  
15 and then divided by 70 (or "y" multiplied by  
16 0.429); and

17 (3) for taxable years ending after December  
18 31, 2005:

19 (i) for property on which a bonus  
20 depreciation deduction of 30% of the adjusted  
21 basis was taken, "x" equals "y" multiplied by  
22 30 and then divided by 70 (or "y" multiplied by  
23 0.429); and

24 (ii) for property on which a bonus  
25 depreciation deduction of 50% of the adjusted  
26 basis was taken, "x" equals "y" multiplied by

1                   1.0.

2                   The aggregate amount deducted under this  
3                   subparagraph in all taxable years for any one piece of  
4                   property may not exceed the amount of the bonus  
5                   depreciation deduction taken on that property on the  
6                   taxpayer's federal income tax return under subsection  
7                   (k) of Section 168 of the Internal Revenue Code. This  
8                   subparagraph (R) is exempt from the provisions of  
9                   Section 250;

10                  (S) If the taxpayer sells, transfers, abandons, or  
11                  otherwise disposes of property for which the taxpayer  
12                  was required in any taxable year to make an addition  
13                  modification under subparagraph (G-10), then an amount  
14                  equal to that addition modification.

15                  If the taxpayer continues to own property through  
16                  the last day of the last tax year for which the  
17                  taxpayer may claim a depreciation deduction for  
18                  federal income tax purposes and for which the taxpayer  
19                  was required in any taxable year to make an addition  
20                  modification under subparagraph (G-10), then an amount  
21                  equal to that addition modification.

22                  The taxpayer is allowed to take the deduction under  
23                  this subparagraph only once with respect to any one  
24                  piece of property.

25                  This subparagraph (S) is exempt from the  
26                  provisions of Section 250;

1           (T) The amount of (i) any interest income (net of  
2           the deductions allocable thereto) taken into account  
3           for the taxable year with respect to a transaction with  
4           a taxpayer that is required to make an addition  
5           modification with respect to such transaction under  
6           Section           203(a)(2)(D-17),           203(b)(2)(E-12),  
7           203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
8           the amount of such addition modification and (ii) any  
9           income from intangible property (net of the deductions  
10           allocable thereto) taken into account for the taxable  
11           year with respect to a transaction with a taxpayer that  
12           is required to make an addition modification with  
13           respect to such transaction under Section  
14           203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
15           203(d)(2)(D-8), but not to exceed the amount of such  
16           addition modification. This subparagraph (T) is exempt  
17           from the provisions of Section 250;

18           (U) An amount equal to the interest income taken  
19           into account for the taxable year (net of the  
20           deductions allocable thereto) with respect to  
21           transactions with (i) a foreign person who would be a  
22           member of the taxpayer's unitary business group but for  
23           the fact the foreign person's business activity  
24           outside the United States is 80% or more of that  
25           person's total business activity and (ii) for taxable  
26           years ending on or after December 31, 2008, to a person

1           who would be a member of the same unitary business  
2           group but for the fact that the person is prohibited  
3           under Section 1501(a)(27) from being included in the  
4           unitary business group because he or she is ordinarily  
5           required to apportion business income under different  
6           subsections of Section 304, but not to exceed the  
7           addition modification required to be made for the same  
8           taxable year under Section 203(c)(2)(G-12) for  
9           interest paid, accrued, or incurred, directly or  
10          indirectly, to the same person. This subparagraph (U)  
11          is exempt from the provisions of Section 250;

12           (V) An amount equal to the income from intangible  
13          property taken into account for the taxable year (net  
14          of the deductions allocable thereto) with respect to  
15          transactions with (i) a foreign person who would be a  
16          member of the taxpayer's unitary business group but for  
17          the fact that the foreign person's business activity  
18          outside the United States is 80% or more of that  
19          person's total business activity and (ii) for taxable  
20          years ending on or after December 31, 2008, to a person  
21          who would be a member of the same unitary business  
22          group but for the fact that the person is prohibited  
23          under Section 1501(a)(27) from being included in the  
24          unitary business group because he or she is ordinarily  
25          required to apportion business income under different  
26          subsections of Section 304, but not to exceed the

1 addition modification required to be made for the same  
2 taxable year under Section 203(c)(2)(G-13) for  
3 intangible expenses and costs paid, accrued, or  
4 incurred, directly or indirectly, to the same foreign  
5 person. This subparagraph (V) is exempt from the  
6 provisions of Section 250;

7 (W) in the case of an estate, an amount equal to  
8 all amounts included in such total pursuant to the  
9 provisions of Section 111 of the Internal Revenue Code  
10 as a recovery of items previously deducted by the  
11 decedent from adjusted gross income in the computation  
12 of taxable income. This subparagraph (W) is exempt from  
13 Section 250;

14 (X) an amount equal to the refund included in such  
15 total of any tax deducted for federal income tax  
16 purposes, to the extent that deduction was added back  
17 under subparagraph (F). This subparagraph (X) is  
18 exempt from the provisions of Section 250; and

19 (Y) For taxable years ending on or after December  
20 31, 2011, in the case of a taxpayer who was required to  
21 add back any insurance premiums under Section  
22 203(c)(2)(G-14), such taxpayer may elect to subtract  
23 that part of a reimbursement received from the  
24 insurance company equal to the amount of the expense or  
25 loss (including expenses incurred by the insurance  
26 company) that would have been taken into account as a

1 deduction for federal income tax purposes if the  
2 expense or loss had been uninsured. If a taxpayer makes  
3 the election provided for by this subparagraph (Y), the  
4 insurer to which the premiums were paid must add back  
5 to income the amount subtracted by the taxpayer  
6 pursuant to this subparagraph (Y). This subparagraph  
7 (Y) is exempt from the provisions of Section 250.

8 (3) Limitation. The amount of any modification  
9 otherwise required under this subsection shall, under  
10 regulations prescribed by the Department, be adjusted by  
11 any amounts included therein which were properly paid,  
12 credited, or required to be distributed, or permanently set  
13 aside for charitable purposes pursuant to Internal Revenue  
14 Code Section 642(c) during the taxable year.

15 (d) Partnerships.

16 (1) In general. In the case of a partnership, base  
17 income means an amount equal to the taxpayer's taxable  
18 income for the taxable year as modified by paragraph (2).

19 (2) Modifications. The taxable income referred to in  
20 paragraph (1) shall be modified by adding thereto the sum  
21 of the following amounts:

22 (A) An amount equal to all amounts paid or accrued  
23 to the taxpayer as interest or dividends during the  
24 taxable year to the extent excluded from gross income  
25 in the computation of taxable income;

1           (B) An amount equal to the amount of tax imposed by  
2 this Act to the extent deducted from gross income for  
3 the taxable year;

4           (C) The amount of deductions allowed to the  
5 partnership pursuant to Section 707 (c) of the Internal  
6 Revenue Code in calculating its taxable income;

7           (D) An amount equal to the amount of the capital  
8 gain deduction allowable under the Internal Revenue  
9 Code, to the extent deducted from gross income in the  
10 computation of taxable income;

11           (D-5) For taxable years 2001 and thereafter, an  
12 amount equal to the bonus depreciation deduction taken  
13 on the taxpayer's federal income tax return for the  
14 taxable year under subsection (k) of Section 168 of the  
15 Internal Revenue Code;

16           (D-6) If the taxpayer sells, transfers, abandons,  
17 or otherwise disposes of property for which the  
18 taxpayer was required in any taxable year to make an  
19 addition modification under subparagraph (D-5), then  
20 an amount equal to the aggregate amount of the  
21 deductions taken in all taxable years under  
22 subparagraph (D) with respect to that property.

23           If the taxpayer continues to own property through  
24 the last day of the last tax year for which the  
25 taxpayer may claim a depreciation deduction for  
26 federal income tax purposes and for which the taxpayer

1 was allowed in any taxable year to make a subtraction  
2 modification under subparagraph (O), then an amount  
3 equal to that subtraction modification.

4 The taxpayer is required to make the addition  
5 modification under this subparagraph only once with  
6 respect to any one piece of property;

7 (D-7) An amount equal to the amount otherwise  
8 allowed as a deduction in computing base income for  
9 interest paid, accrued, or incurred, directly or  
10 indirectly, (i) for taxable years ending on or after  
11 December 31, 2004, to a foreign person who would be a  
12 member of the same unitary business group but for the  
13 fact the foreign person's business activity outside  
14 the United States is 80% or more of the foreign  
15 person's total business activity and (ii) for taxable  
16 years ending on or after December 31, 2008, to a person  
17 who would be a member of the same unitary business  
18 group but for the fact that the person is prohibited  
19 under Section 1501(a)(27) from being included in the  
20 unitary business group because he or she is ordinarily  
21 required to apportion business income under different  
22 subsections of Section 304. The addition modification  
23 required by this subparagraph shall be reduced to the  
24 extent that dividends were included in base income of  
25 the unitary group for the same taxable year and  
26 received by the taxpayer or by a member of the



1 taxpayer's unitary business group (including amounts  
2 included in gross income pursuant to Sections 951  
3 through 964 of the Internal Revenue Code and amounts  
4 included in gross income under Section 78 of the  
5 Internal Revenue Code) with respect to the stock of the  
6 same person to whom the interest was paid, accrued, or  
7 incurred.

8 This paragraph shall not apply to the following:

9 (i) an item of interest paid, accrued, or  
10 incurred, directly or indirectly, to a person who  
11 is subject in a foreign country or state, other  
12 than a state which requires mandatory unitary  
13 reporting, to a tax on or measured by net income  
14 with respect to such interest; or

15 (ii) an item of interest paid, accrued, or  
16 incurred, directly or indirectly, to a person if  
17 the taxpayer can establish, based on a  
18 preponderance of the evidence, both of the  
19 following:

20 (a) the person, during the same taxable  
21 year, paid, accrued, or incurred, the interest  
22 to a person that is not a related member, and

23 (b) the transaction giving rise to the  
24 interest expense between the taxpayer and the  
25 person did not have as a principal purpose the  
26 avoidance of Illinois income tax, and is paid

1           pursuant to a contract or agreement that  
2           reflects an arm's-length interest rate and  
3           terms; or

4           (iii) the taxpayer can establish, based on  
5           clear and convincing evidence, that the interest  
6           paid, accrued, or incurred relates to a contract or  
7           agreement entered into at arm's-length rates and  
8           terms and the principal purpose for the payment is  
9           not federal or Illinois tax avoidance; or

10          (iv) an item of interest paid, accrued, or  
11          incurred, directly or indirectly, to a person if  
12          the taxpayer establishes by clear and convincing  
13          evidence that the adjustments are unreasonable; or  
14          if the taxpayer and the Director agree in writing  
15          to the application or use of an alternative method  
16          of apportionment under Section 304(f).

17          Nothing in this subsection shall preclude the  
18          Director from making any other adjustment  
19          otherwise allowed under Section 404 of this Act for  
20          any tax year beginning after the effective date of  
21          this amendment provided such adjustment is made  
22          pursuant to regulation adopted by the Department  
23          and such regulations provide methods and standards  
24          by which the Department will utilize its authority  
25          under Section 404 of this Act; and

26          (D-8) An amount equal to the amount of intangible

1 expenses and costs otherwise allowed as a deduction in  
2 computing base income, and that were paid, accrued, or  
3 incurred, directly or indirectly, (i) for taxable  
4 years ending on or after December 31, 2004, to a  
5 foreign person who would be a member of the same  
6 unitary business group but for the fact that the  
7 foreign person's business activity outside the United  
8 States is 80% or more of that person's total business  
9 activity and (ii) for taxable years ending on or after  
10 December 31, 2008, to a person who would be a member of  
11 the same unitary business group but for the fact that  
12 the person is prohibited under Section 1501(a)(27)  
13 from being included in the unitary business group  
14 because he or she is ordinarily required to apportion  
15 business income under different subsections of Section  
16 304. The addition modification required by this  
17 subparagraph shall be reduced to the extent that  
18 dividends were included in base income of the unitary  
19 group for the same taxable year and received by the  
20 taxpayer or by a member of the taxpayer's unitary  
21 business group (including amounts included in gross  
22 income pursuant to Sections 951 through 964 of the  
23 Internal Revenue Code and amounts included in gross  
24 income under Section 78 of the Internal Revenue Code)  
25 with respect to the stock of the same person to whom  
26 the intangible expenses and costs were directly or

1 indirectly paid, incurred or accrued. The preceding  
2 sentence shall not apply to the extent that the same  
3 dividends caused a reduction to the addition  
4 modification required under Section 203(d)(2)(D-7) of  
5 this Act. As used in this subparagraph, the term  
6 "intangible expenses and costs" includes (1) expenses,  
7 losses, and costs for, or related to, the direct or  
8 indirect acquisition, use, maintenance or management,  
9 ownership, sale, exchange, or any other disposition of  
10 intangible property; (2) losses incurred, directly or  
11 indirectly, from factoring transactions or discounting  
12 transactions; (3) royalty, patent, technical, and  
13 copyright fees; (4) licensing fees; and (5) other  
14 similar expenses and costs. For purposes of this  
15 subparagraph, "intangible property" includes patents,  
16 patent applications, trade names, trademarks, service  
17 marks, copyrights, mask works, trade secrets, and  
18 similar types of intangible assets;

19 This paragraph shall not apply to the following:

20 (i) any item of intangible expenses or costs  
21 paid, accrued, or incurred, directly or  
22 indirectly, from a transaction with a person who is  
23 subject in a foreign country or state, other than a  
24 state which requires mandatory unitary reporting,  
25 to a tax on or measured by net income with respect  
26 to such item; or

1           (ii) any item of intangible expense or cost  
2           paid, accrued, or incurred, directly or  
3           indirectly, if the taxpayer can establish, based  
4           on a preponderance of the evidence, both of the  
5           following:

6           (a) the person during the same taxable  
7           year paid, accrued, or incurred, the  
8           intangible expense or cost to a person that is  
9           not a related member, and

10          (b) the transaction giving rise to the  
11          intangible expense or cost between the  
12          taxpayer and the person did not have as a  
13          principal purpose the avoidance of Illinois  
14          income tax, and is paid pursuant to a contract  
15          or agreement that reflects arm's-length terms;  
16          or

17          (iii) any item of intangible expense or cost  
18          paid, accrued, or incurred, directly or  
19          indirectly, from a transaction with a person if the  
20          taxpayer establishes by clear and convincing  
21          evidence, that the adjustments are unreasonable;  
22          or if the taxpayer and the Director agree in  
23          writing to the application or use of an alternative  
24          method of apportionment under Section 304(f);

25                 Nothing in this subsection shall preclude the  
26                 Director from making any other adjustment

1 otherwise allowed under Section 404 of this Act for  
2 any tax year beginning after the effective date of  
3 this amendment provided such adjustment is made  
4 pursuant to regulation adopted by the Department  
5 and such regulations provide methods and standards  
6 by which the Department will utilize its authority  
7 under Section 404 of this Act;

8 (D-9) For taxable years ending on or after December  
9 31, 2008, an amount equal to the amount of insurance  
10 premium expenses and costs otherwise allowed as a  
11 deduction in computing base income, and that were paid,  
12 accrued, or incurred, directly or indirectly, to a  
13 person who would be a member of the same unitary  
14 business group but for the fact that the person is  
15 prohibited under Section 1501(a)(27) from being  
16 included in the unitary business group because he or  
17 she is ordinarily required to apportion business  
18 income under different subsections of Section 304. The  
19 addition modification required by this subparagraph  
20 shall be reduced to the extent that dividends were  
21 included in base income of the unitary group for the  
22 same taxable year and received by the taxpayer or by a  
23 member of the taxpayer's unitary business group  
24 (including amounts included in gross income under  
25 Sections 951 through 964 of the Internal Revenue Code  
26 and amounts included in gross income under Section 78

1 of the Internal Revenue Code) with respect to the stock  
2 of the same person to whom the premiums and costs were  
3 directly or indirectly paid, incurred, or accrued. The  
4 preceding sentence does not apply to the extent that  
5 the same dividends caused a reduction to the addition  
6 modification required under Section 203(d) (2) (D-7) or  
7 Section 203(d) (2) (D-8) of this Act;

8 (D-10) An amount equal to the credit allowable to  
9 the taxpayer under Section 218(a) of this Act,  
10 determined without regard to Section 218(c) of this  
11 Act;

12 (D-11) For taxable years ending on or after  
13 December 31, 2017, an amount equal to the deduction  
14 allowed under Section 199 of the Internal Revenue Code  
15 for the taxable year;

16 and by deducting from the total so obtained the following  
17 amounts:

18 (E) The valuation limitation amount;

19 (F) An amount equal to the amount of any tax  
20 imposed by this Act which was refunded to the taxpayer  
21 and included in such total for the taxable year;

22 (G) An amount equal to all amounts included in  
23 taxable income as modified by subparagraphs (A), (B),  
24 (C) and (D) which are exempt from taxation by this  
25 State either by reason of its statutes or Constitution  
26 or by reason of the Constitution, treaties or statutes

1 of the United States; provided that, in the case of any  
2 statute of this State that exempts income derived from  
3 bonds or other obligations from the tax imposed under  
4 this Act, the amount exempted shall be the interest net  
5 of bond premium amortization;

6 (H) Any income of the partnership which  
7 constitutes personal service income as defined in  
8 Section 1348 (b) (1) of the Internal Revenue Code (as  
9 in effect December 31, 1981) or a reasonable allowance  
10 for compensation paid or accrued for services rendered  
11 by partners to the partnership, whichever is greater;  
12 this subparagraph (H) is exempt from the provisions of  
13 Section 250;

14 (I) An amount equal to all amounts of income  
15 distributable to an entity subject to the Personal  
16 Property Tax Replacement Income Tax imposed by  
17 subsections (c) and (d) of Section 201 of this Act  
18 including amounts distributable to organizations  
19 exempt from federal income tax by reason of Section  
20 501(a) of the Internal Revenue Code; this subparagraph  
21 (I) is exempt from the provisions of Section 250;

22 (J) With the exception of any amounts subtracted  
23 under subparagraph (G), an amount equal to the sum of  
24 all amounts disallowed as deductions by (i) Sections  
25 171(a) (2), and 265(2) of the Internal Revenue Code,  
26 and all amounts of expenses allocable to interest and



1 disallowed as deductions by Section 265(1) of the  
2 Internal Revenue Code; and (ii) for taxable years  
3 ending on or after August 13, 1999, Sections 171(a)(2),  
4 265, 280C, and 832(b)(5)(B)(i) of the Internal Revenue  
5 Code, plus, (iii) for taxable years ending on or after  
6 December 31, 2011, Section 45G(e)(3) of the Internal  
7 Revenue Code and, for taxable years ending on or after  
8 December 31, 2008, any amount included in gross income  
9 under Section 87 of the Internal Revenue Code; the  
10 provisions of this subparagraph are exempt from the  
11 provisions of Section 250;

12 (K) An amount equal to those dividends included in  
13 such total which were paid by a corporation which  
14 conducts business operations in a River Edge  
15 Redevelopment Zone or zones created under the River  
16 Edge Redevelopment Zone Act and conducts substantially  
17 all of its operations from a River Edge Redevelopment  
18 Zone or zones. This subparagraph (K) is exempt from the  
19 provisions of Section 250;

20 (L) An amount equal to any contribution made to a  
21 job training project established pursuant to the Real  
22 Property Tax Increment Allocation Redevelopment Act;

23 (M) An amount equal to those dividends included in  
24 such total that were paid by a corporation that  
25 conducts business operations in a federally designated  
26 Foreign Trade Zone or Sub-Zone and that is designated a

1 High Impact Business located in Illinois; provided  
2 that dividends eligible for the deduction provided in  
3 subparagraph (K) of paragraph (2) of this subsection  
4 shall not be eligible for the deduction provided under  
5 this subparagraph (M);

6 (N) An amount equal to the amount of the deduction  
7 used to compute the federal income tax credit for  
8 restoration of substantial amounts held under claim of  
9 right for the taxable year pursuant to Section 1341 of  
10 the Internal Revenue Code;

11 (O) For taxable years 2001 and thereafter, for the  
12 taxable year in which the bonus depreciation deduction  
13 is taken on the taxpayer's federal income tax return  
14 under subsection (k) of Section 168 of the Internal  
15 Revenue Code and for each applicable taxable year  
16 thereafter, an amount equal to "x", where:

17 (1) "y" equals the amount of the depreciation  
18 deduction taken for the taxable year on the  
19 taxpayer's federal income tax return on property  
20 for which the bonus depreciation deduction was  
21 taken in any year under subsection (k) of Section  
22 168 of the Internal Revenue Code, but not including  
23 the bonus depreciation deduction;

24 (2) for taxable years ending on or before  
25 December 31, 2005, "x" equals "y" multiplied by 30  
26 and then divided by 70 (or "y" multiplied by

1           0.429); and

2                   (3) for taxable years ending after December  
3           31, 2005:

4                   (i) for property on which a bonus  
5           depreciation deduction of 30% of the adjusted  
6           basis was taken, "x" equals "y" multiplied by  
7           30 and then divided by 70 (or "y" multiplied by  
8           0.429); and

9                   (ii) for property on which a bonus  
10          depreciation deduction of 50% of the adjusted  
11          basis was taken, "x" equals "y" multiplied by  
12          1.0.

13           The aggregate amount deducted under this  
14          subparagraph in all taxable years for any one piece of  
15          property may not exceed the amount of the bonus  
16          depreciation deduction taken on that property on the  
17          taxpayer's federal income tax return under subsection  
18          (k) of Section 168 of the Internal Revenue Code. This  
19          subparagraph (O) is exempt from the provisions of  
20          Section 250;

21                   (P) If the taxpayer sells, transfers, abandons, or  
22          otherwise disposes of property for which the taxpayer  
23          was required in any taxable year to make an addition  
24          modification under subparagraph (D-5), then an amount  
25          equal to that addition modification.

26           If the taxpayer continues to own property through

1           the last day of the last tax year for which the  
2           taxpayer may claim a depreciation deduction for  
3           federal income tax purposes and for which the taxpayer  
4           was required in any taxable year to make an addition  
5           modification under subparagraph (D-5), then an amount  
6           equal to that addition modification.

7           The taxpayer is allowed to take the deduction under  
8           this subparagraph only once with respect to any one  
9           piece of property.

10          This subparagraph (P) is exempt from the  
11          provisions of Section 250;

12          (Q) The amount of (i) any interest income (net of  
13          the deductions allocable thereto) taken into account  
14          for the taxable year with respect to a transaction with  
15          a taxpayer that is required to make an addition  
16          modification with respect to such transaction under  
17          Section           203(a)(2)(D-17),           203(b)(2)(E-12),  
18          203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
19          the amount of such addition modification and (ii) any  
20          income from intangible property (net of the deductions  
21          allocable thereto) taken into account for the taxable  
22          year with respect to a transaction with a taxpayer that  
23          is required to make an addition modification with  
24          respect to such transaction under Section  
25          203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
26          203(d)(2)(D-8), but not to exceed the amount of such

1 addition modification. This subparagraph (Q) is exempt  
2 from Section 250;

3 (R) An amount equal to the interest income taken  
4 into account for the taxable year (net of the  
5 deductions allocable thereto) with respect to  
6 transactions with (i) a foreign person who would be a  
7 member of the taxpayer's unitary business group but for  
8 the fact that the foreign person's business activity  
9 outside the United States is 80% or more of that  
10 person's total business activity and (ii) for taxable  
11 years ending on or after December 31, 2008, to a person  
12 who would be a member of the same unitary business  
13 group but for the fact that the person is prohibited  
14 under Section 1501(a)(27) from being included in the  
15 unitary business group because he or she is ordinarily  
16 required to apportion business income under different  
17 subsections of Section 304, but not to exceed the  
18 addition modification required to be made for the same  
19 taxable year under Section 203(d)(2)(D-7) for interest  
20 paid, accrued, or incurred, directly or indirectly, to  
21 the same person. This subparagraph (R) is exempt from  
22 Section 250;

23 (S) An amount equal to the income from intangible  
24 property taken into account for the taxable year (net  
25 of the deductions allocable thereto) with respect to  
26 transactions with (i) a foreign person who would be a

1 member of the taxpayer's unitary business group but for  
2 the fact that the foreign person's business activity  
3 outside the United States is 80% or more of that  
4 person's total business activity and (ii) for taxable  
5 years ending on or after December 31, 2008, to a person  
6 who would be a member of the same unitary business  
7 group but for the fact that the person is prohibited  
8 under Section 1501(a)(27) from being included in the  
9 unitary business group because he or she is ordinarily  
10 required to apportion business income under different  
11 subsections of Section 304, but not to exceed the  
12 addition modification required to be made for the same  
13 taxable year under Section 203(d)(2)(D-8) for  
14 intangible expenses and costs paid, accrued, or  
15 incurred, directly or indirectly, to the same person.  
16 This subparagraph (S) is exempt from Section 250; and

17 (T) For taxable years ending on or after December  
18 31, 2011, in the case of a taxpayer who was required to  
19 add back any insurance premiums under Section  
20 203(d)(2)(D-9), such taxpayer may elect to subtract  
21 that part of a reimbursement received from the  
22 insurance company equal to the amount of the expense or  
23 loss (including expenses incurred by the insurance  
24 company) that would have been taken into account as a  
25 deduction for federal income tax purposes if the  
26 expense or loss had been uninsured. If a taxpayer makes

1           the election provided for by this subparagraph (T), the  
2           insurer to which the premiums were paid must add back  
3           to income the amount subtracted by the taxpayer  
4           pursuant to this subparagraph (T). This subparagraph  
5           (T) is exempt from the provisions of Section 250.

6           (e) Gross income; adjusted gross income; taxable income.

7           (1) In general. Subject to the provisions of paragraph  
8           (2) and subsection (b) (3), for purposes of this Section  
9           and Section 803(e), a taxpayer's gross income, adjusted  
10          gross income, or taxable income for the taxable year shall  
11          mean the amount of gross income, adjusted gross income or  
12          taxable income properly reportable for federal income tax  
13          purposes for the taxable year under the provisions of the  
14          Internal Revenue Code. Taxable income may be less than  
15          zero. However, for taxable years ending on or after  
16          December 31, 1986, net operating loss carryforwards from  
17          taxable years ending prior to December 31, 1986, may not  
18          exceed the sum of federal taxable income for the taxable  
19          year before net operating loss deduction, plus the excess  
20          of addition modifications over subtraction modifications  
21          for the taxable year. For taxable years ending prior to  
22          December 31, 1986, taxable income may never be an amount in  
23          excess of the net operating loss for the taxable year as  
24          defined in subsections (c) and (d) of Section 172 of the  
25          Internal Revenue Code, provided that when taxable income of

1 a corporation (other than a Subchapter S corporation),  
2 trust, or estate is less than zero and addition  
3 modifications, other than those provided by subparagraph  
4 (E) of paragraph (2) of subsection (b) for corporations or  
5 subparagraph (E) of paragraph (2) of subsection (c) for  
6 trusts and estates, exceed subtraction modifications, an  
7 addition modification must be made under those  
8 subparagraphs for any other taxable year to which the  
9 taxable income less than zero (net operating loss) is  
10 applied under Section 172 of the Internal Revenue Code or  
11 under subparagraph (E) of paragraph (2) of this subsection  
12 (e) applied in conjunction with Section 172 of the Internal  
13 Revenue Code.

14 (2) Special rule. For purposes of paragraph (1) of this  
15 subsection, the taxable income properly reportable for  
16 federal income tax purposes shall mean:

17 (A) Certain life insurance companies. In the case  
18 of a life insurance company subject to the tax imposed  
19 by Section 801 of the Internal Revenue Code, life  
20 insurance company taxable income, plus the amount of  
21 distribution from pre-1984 policyholder surplus  
22 accounts as calculated under Section 815a of the  
23 Internal Revenue Code;

24 (B) Certain other insurance companies. In the case  
25 of mutual insurance companies subject to the tax  
26 imposed by Section 831 of the Internal Revenue Code,



1 insurance company taxable income;

2 (C) Regulated investment companies. In the case of  
3 a regulated investment company subject to the tax  
4 imposed by Section 852 of the Internal Revenue Code,  
5 investment company taxable income;

6 (D) Real estate investment trusts. In the case of a  
7 real estate investment trust subject to the tax imposed  
8 by Section 857 of the Internal Revenue Code, real  
9 estate investment trust taxable income;

10 (E) Consolidated corporations. In the case of a  
11 corporation which is a member of an affiliated group of  
12 corporations filing a consolidated income tax return  
13 for the taxable year for federal income tax purposes,  
14 taxable income determined as if such corporation had  
15 filed a separate return for federal income tax purposes  
16 for the taxable year and each preceding taxable year  
17 for which it was a member of an affiliated group. For  
18 purposes of this subparagraph, the taxpayer's separate  
19 taxable income shall be determined as if the election  
20 provided by Section 243(b) (2) of the Internal Revenue  
21 Code had been in effect for all such years;

22 (F) Cooperatives. In the case of a cooperative  
23 corporation or association, the taxable income of such  
24 organization determined in accordance with the  
25 provisions of Section 1381 through 1388 of the Internal  
26 Revenue Code, but without regard to the prohibition

1           against offsetting losses from patronage activities  
2           against income from nonpatronage activities; except  
3           that a cooperative corporation or association may make  
4           an election to follow its federal income tax treatment  
5           of patronage losses and nonpatronage losses. In the  
6           event such election is made, such losses shall be  
7           computed and carried over in a manner consistent with  
8           subsection (a) of Section 207 of this Act and  
9           apportioned by the apportionment factor reported by  
10          the cooperative on its Illinois income tax return filed  
11          for the taxable year in which the losses are incurred.  
12          The election shall be effective for all taxable years  
13          with original returns due on or after the date of the  
14          election. In addition, the cooperative may file an  
15          amended return or returns, as allowed under this Act,  
16          to provide that the election shall be effective for  
17          losses incurred or carried forward for taxable years  
18          occurring prior to the date of the election. Once made,  
19          the election may only be revoked upon approval of the  
20          Director. The Department shall adopt rules setting  
21          forth requirements for documenting the elections and  
22          any resulting Illinois net loss and the standards to be  
23          used by the Director in evaluating requests to revoke  
24          elections. Public Act 96-932 is declaratory of  
25          existing law;

26                 (G) Subchapter S corporations. In the case of: (i)

1 a Subchapter S corporation for which there is in effect  
2 an election for the taxable year under Section 1362 of  
3 the Internal Revenue Code, the taxable income of such  
4 corporation determined in accordance with Section  
5 1363(b) of the Internal Revenue Code, except that  
6 taxable income shall take into account those items  
7 which are required by Section 1363(b)(1) of the  
8 Internal Revenue Code to be separately stated; and (ii)  
9 a Subchapter S corporation for which there is in effect  
10 a federal election to opt out of the provisions of the  
11 Subchapter S Revision Act of 1982 and have applied  
12 instead the prior federal Subchapter S rules as in  
13 effect on July 1, 1982, the taxable income of such  
14 corporation determined in accordance with the federal  
15 Subchapter S rules as in effect on July 1, 1982; and

16 (H) Partnerships. In the case of a partnership,  
17 taxable income determined in accordance with Section  
18 703 of the Internal Revenue Code, except that taxable  
19 income shall take into account those items which are  
20 required by Section 703(a)(1) to be separately stated  
21 but which would be taken into account by an individual  
22 in calculating his taxable income.

23 (3) Recapture of business expenses on disposition of  
24 asset or business. Notwithstanding any other law to the  
25 contrary, if in prior years income from an asset or  
26 business has been classified as business income and in a

1 later year is demonstrated to be non-business income, then  
2 all expenses, without limitation, deducted in such later  
3 year and in the 2 immediately preceding taxable years  
4 related to that asset or business that generated the  
5 non-business income shall be added back and recaptured as  
6 business income in the year of the disposition of the asset  
7 or business. Such amount shall be apportioned to Illinois  
8 using the greater of the apportionment fraction computed  
9 for the business under Section 304 of this Act for the  
10 taxable year or the average of the apportionment fractions  
11 computed for the business under Section 304 of this Act for  
12 the taxable year and for the 2 immediately preceding  
13 taxable years.

14 (f) Valuation limitation amount.

15 (1) In general. The valuation limitation amount  
16 referred to in subsections (a) (2) (G), (c) (2) (I) and  
17 (d) (2) (E) is an amount equal to:

18 (A) The sum of the pre-August 1, 1969 appreciation  
19 amounts (to the extent consisting of gain reportable  
20 under the provisions of Section 1245 or 1250 of the  
21 Internal Revenue Code) for all property in respect of  
22 which such gain was reported for the taxable year; plus

23 (B) The lesser of (i) the sum of the pre-August 1,  
24 1969 appreciation amounts (to the extent consisting of  
25 capital gain) for all property in respect of which such

1 gain was reported for federal income tax purposes for  
2 the taxable year, or (ii) the net capital gain for the  
3 taxable year, reduced in either case by any amount of  
4 such gain included in the amount determined under  
5 subsection (a) (2) (F) or (c) (2) (H).

6 (2) Pre-August 1, 1969 appreciation amount.

7 (A) If the fair market value of property referred  
8 to in paragraph (1) was readily ascertainable on August  
9 1, 1969, the pre-August 1, 1969 appreciation amount for  
10 such property is the lesser of (i) the excess of such  
11 fair market value over the taxpayer's basis (for  
12 determining gain) for such property on that date  
13 (determined under the Internal Revenue Code as in  
14 effect on that date), or (ii) the total gain realized  
15 and reportable for federal income tax purposes in  
16 respect of the sale, exchange or other disposition of  
17 such property.

18 (B) If the fair market value of property referred  
19 to in paragraph (1) was not readily ascertainable on  
20 August 1, 1969, the pre-August 1, 1969 appreciation  
21 amount for such property is that amount which bears the  
22 same ratio to the total gain reported in respect of the  
23 property for federal income tax purposes for the  
24 taxable year, as the number of full calendar months in  
25 that part of the taxpayer's holding period for the  
26 property ending July 31, 1969 bears to the number of

1 full calendar months in the taxpayer's entire holding  
2 period for the property.

3 (C) The Department shall prescribe such  
4 regulations as may be necessary to carry out the  
5 purposes of this paragraph.

6 (g) Double deductions. Unless specifically provided  
7 otherwise, nothing in this Section shall permit the same item  
8 to be deducted more than once.

9 (h) Legislative intention. Except as expressly provided by  
10 this Section there shall be no modifications or limitations on  
11 the amounts of income, gain, loss or deduction taken into  
12 account in determining gross income, adjusted gross income or  
13 taxable income for federal income tax purposes for the taxable  
14 year, or in the amount of such items entering into the  
15 computation of base income and net income under this Act for  
16 such taxable year, whether in respect of property values as of  
17 August 1, 1969 or otherwise.

18 (Source: P.A. 96-45, eff. 7-15-09; 96-120, eff. 8-4-09; 96-198,  
19 eff. 8-10-09; 96-328, eff. 8-11-09; 96-520, eff. 8-14-09;  
20 96-835, eff. 12-16-09; 96-932, eff. 1-1-11; 96-935, eff.  
21 6-21-10; 96-1214, eff. 7-22-10; 97-333, eff. 8-12-11; 97-507,  
22 eff. 8-23-11; 97-905, eff. 8-7-12.)

23 (35 ILCS 5/204) (from Ch. 120, par. 2-204)

1           Sec. 204. Standard Exemption.

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

9           (b) Basic amount. For the purpose of subsection (a) of this  
10 Section, except as provided by subsection (a) of Section 205  
11 and in this subsection, each taxpayer shall be allowed a basic  
12 amount of \$1000, except that for corporations the basic amount  
13 shall be zero for tax years ending on or after December 31,  
14 2003, and for individuals the basic amount shall be:

15           (1) for taxable years ending on or after December 31,  
16 1998 and prior to December 31, 1999, \$1,300;

17           (2) for taxable years ending on or after December 31,  
18 1999 and prior to December 31, 2000, \$1,650;

19           (3) for taxable years ending on or after December 31,  
20 2000 and prior to December 31, 2012, \$2,000;

21           (4) for taxable years ending on or after December 31,  
22 2012 and prior to December 31, 2013, \$2,050;

23           (5) for taxable years ending on or after December 31,  
24 2013, \$2,050 plus the cost-of-living adjustment under  
25 subsection (d-5).

26 For taxable years ending on or after December 31, 1992, a

1 taxpayer whose Illinois base income exceeds the basic amount  
2 and who is claimed as a dependent on another person's tax  
3 return under the Internal Revenue Code shall not be allowed any  
4 basic amount under this subsection.

5 (c) Additional amount for individuals. In the case of an  
6 individual taxpayer, there shall be allowed for the purpose of  
7 subsection (a), in addition to the basic amount provided by  
8 subsection (b), an additional exemption equal to the basic  
9 amount for each exemption in excess of one allowable to such  
10 individual taxpayer for the taxable year under Section 151 of  
11 the Internal Revenue Code.

12 (d) Additional exemptions for an individual taxpayer and  
13 his or her spouse. In the case of an individual taxpayer and  
14 his or her spouse, he or she shall each be allowed additional  
15 exemptions as follows:

16 (1) Additional exemption for taxpayer or spouse 65  
17 years of age or older.

18 (A) For taxpayer. An additional exemption of  
19 \$1,000 for the taxpayer if he or she has attained the  
20 age of 65 before the end of the taxable year.

21 (B) For spouse when a joint return is not filed. An  
22 additional exemption of \$1,000 for the spouse of the  
23 taxpayer if a joint return is not made by the taxpayer  
24 and his spouse, and if the spouse has attained the age  
25 of 65 before the end of such taxable year, and, for the  
26 calendar year in which the taxable year of the taxpayer



1 begins, has no gross income and is not the dependent of  
2 another taxpayer.

3 (2) Additional exemption for blindness of taxpayer or  
4 spouse.

5 (A) For taxpayer. An additional exemption of  
6 \$1,000 for the taxpayer if he or she is blind at the  
7 end of the taxable year.

8 (B) For spouse when a joint return is not filed. An  
9 additional exemption of \$1,000 for the spouse of the  
10 taxpayer if a separate return is made by the taxpayer,  
11 and if the spouse is blind and, for the calendar year  
12 in which the taxable year of the taxpayer begins, has  
13 no gross income and is not the dependent of another  
14 taxpayer. For purposes of this paragraph, the  
15 determination of whether the spouse is blind shall be  
16 made as of the end of the taxable year of the taxpayer;  
17 except that if the spouse dies during such taxable year  
18 such determination shall be made as of the time of such  
19 death.

20 (C) Blindness defined. For purposes of this  
21 subsection, an individual is blind only if his or her  
22 central visual acuity does not exceed 20/200 in the  
23 better eye with correcting lenses, or if his or her  
24 visual acuity is greater than 20/200 but is accompanied  
25 by a limitation in the fields of vision such that the  
26 widest diameter of the visual fields subtends an angle

1 no greater than 20 degrees.

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

7 (1) the Consumer Price Index for the preceding calendar  
8 year, exceeds

9 (2) the Consumer Price Index for the calendar year  
10 2011.

11 The Consumer Price Index for any calendar year is the  
12 average of the Consumer Price Index as of the close of the  
13 12-month period ending on August 31 of that calendar year.

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

17 If any cost-of-living adjustment is not a multiple of \$25,  
18 that adjustment shall be rounded to the next lowest multiple of  
19 \$25.

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

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

24 (g) Notwithstanding any other provision of law, for taxable  
25 years beginning on or after January 1, 2017, no taxpayer may  
26 claim an exemption under this Section if the taxpayer's

1 adjusted gross income for the taxable year exceeds (i)  
2 \$500,000, in the case of spouses filing a joint federal tax  
3 return or (ii) \$250,000, in the case of all other taxpayers.

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

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

6 Sec. 208. Tax credit for residential real property taxes.  
7 Beginning with tax years ending on or after December 31, 1991,  
8 every individual taxpayer shall be entitled to a tax credit  
9 equal to 5% of real property taxes paid by such taxpayer during  
10 the taxable year on the principal residence of the taxpayer. In  
11 the case of multi-unit or multi-use structures and farm  
12 dwellings, the taxes on the taxpayer's principal residence  
13 shall be that portion of the total taxes which is attributable  
14 to such principal residence. Notwithstanding any other  
15 provision of law, for taxable years beginning on or after  
16 January 1, 2017, no taxpayer may claim a credit under this  
17 Section if the taxpayer's adjusted gross income for the taxable  
18 year exceeds (i) \$500,000, in the case of spouses filing a  
19 joint federal tax return, or (ii) \$250,000, in the case of all  
20 other taxpayers.

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

22 (35 ILCS 5/212)

23 Sec. 212. Earned income tax credit.

24 (a) With respect to the federal earned income tax credit

1 allowed for the taxable year under Section 32 of the federal  
2 Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer  
3 is entitled to a credit against the tax imposed by subsections  
4 (a) and (b) of Section 201 in an amount equal to (i) 5% of the  
5 federal tax credit for each taxable year beginning on or after  
6 January 1, 2000 and ending prior to December 31, 2012, (ii)  
7 7.5% of the federal tax credit for each taxable year beginning  
8 on or after January 1, 2012 and ending prior to December 31,  
9 2013, ~~and~~ (iii) 10% of the federal tax credit for each taxable  
10 year beginning on or after January 1, 2013 and beginning prior  
11 to January 1, 2017, (iv) 14% of the federal tax credit for each  
12 taxable year beginning on or after January 1, 2017 and  
13 beginning prior to January 1, 2018, and (v) 18% of the federal  
14 tax credit for each taxable year beginning on or after January  
15 1, 2018.

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

19 (b) For taxable years beginning before January 1, 2003, in  
20 no event shall a credit under this Section reduce the  
21 taxpayer's liability to less than zero. For each taxable year  
22 beginning on or after January 1, 2003, if the amount of the  
23 credit exceeds the income tax liability for the applicable tax  
24 year, then the excess credit shall be refunded to the taxpayer.  
25 The amount of a refund shall not be included in the taxpayer's  
26 income or resources for the purposes of determining eligibility

1 or benefit level in any means-tested benefit program  
2 administered by a governmental entity unless required by  
3 federal law.

4 (c) This Section is exempt from the provisions of Section  
5 250.

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

7 (35 ILCS 5/225 new)

8 Sec. 225. Credit for instructional materials and supplies.  
9 For taxable years beginning on and after January 1, 2017, a  
10 taxpayer shall be allowed a credit in the amount paid by the  
11 taxpayer during the taxable year for instructional materials  
12 and supplies with respect to classroom based instruction in a  
13 qualified school, or \$250, whichever is less, provided that the  
14 taxpayer is a teacher, instructor, counselor, principal, or  
15 aide in a qualified school for at least 900 hours during a  
16 school year.

17 The credit may not be carried back and may not reduce the  
18 taxpayer's liability to less than zero. If the amount of the  
19 credit exceeds the tax liability for the year, the excess may  
20 be carried forward and applied to the tax liability of the 5  
21 taxable years following the excess credit year. The tax credit  
22 shall be applied to the earliest year for which there is a tax  
23 liability. If there are credits for more than one year that are  
24 available to offset a liability, the earlier credit shall be  
25 applied first.

1       For purposes of this Section, the term "materials and  
2 supplies" means amounts paid for instructional materials or  
3 supplies that are designated for classroom use in any qualified  
4 school. For purposes of this Section, the term "qualified  
5 school" means a public school or non-public school located in  
6 Illinois.

7       This Section is exempt from the provisions of Section 250.

8       (35 ILCS 5/901) (from Ch. 120, par. 9-901)

9       Sec. 901. Collection authority.

10      (a) In general.

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

1 Code, as directed by the Department of Healthcare and Family  
2 Services.

3 (b) Local Government Distributive Fund.

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

1 6% (10% of the ratio of the 3% individual income tax rate prior  
2 to 2011 to the 5% individual income tax rate after 2010) of the  
3 net revenue realized from the tax imposed by subsections (a)  
4 and (b) of Section 201 of this Act upon individuals, trusts,  
5 and estates during the preceding month and (ii) 6.86% (10% of  
6 the ratio of the 4.8% corporate income tax rate prior to 2011  
7 to the 7% corporate income tax rate after 2010) of the net  
8 revenue realized from the tax imposed by subsections (a) and  
9 (b) of Section 201 of this Act upon corporations during the  
10 preceding month. Beginning February 1, 2015 and continuing  
11 through July 31, 2017 ~~January 31, 2025~~, the Treasurer shall  
12 transfer each month from the General Revenue Fund to the Local  
13 Government Distributive Fund an amount equal to the sum of (i)  
14 8% (10% of the ratio of the 3% individual income tax rate prior  
15 to 2011 to the 3.75% individual income tax rate after 2014) of  
16 the net revenue realized from the tax imposed by subsections  
17 (a) and (b) of Section 201 of this Act upon individuals,  
18 trusts, and estates during the preceding month and (ii) 9.14%  
19 (10% of the ratio of the 4.8% corporate income tax rate prior  
20 to 2011 to the 5.25% corporate income tax rate after 2014) of  
21 the net revenue realized from the tax imposed by subsections  
22 (a) and (b) of Section 201 of this Act upon corporations during  
23 the preceding month. Beginning August 1, 2017 ~~February 1, 2025~~,  
24 the Treasurer shall transfer each month from the General  
25 Revenue Fund to the Local Government Distributive Fund an  
26 amount equal to the sum of (i) 6.06% ~~9.23%~~ (10% of the ratio of



1 the 3% individual income tax rate prior to 2011 to the 4.95%  
2 ~~3.25%~~ individual income tax rate after July 1, 2017 ~~2024~~) of  
3 the net revenue realized from the tax imposed by subsections  
4 (a) and (b) of Section 201 of this Act upon individuals,  
5 trusts, and estates during the preceding month and (ii) 6.85%  
6 (10% of the ratio of the 4.8% corporate income tax rate prior  
7 to 2011 to the 7% corporate income tax rate after July 1, 2017)  
8 ~~10%~~ of the net revenue realized from the tax imposed by  
9 subsections (a) and (b) of Section 201 of this Act upon  
10 corporations during the preceding month. Net revenue realized  
11 for a month shall be defined as the revenue from the tax  
12 imposed by subsections (a) and (b) of Section 201 of this Act  
13 which is deposited in the General Revenue Fund, the Education  
14 Assistance Fund, the Income Tax Surcharge Local Government  
15 Distributive Fund, the Fund for the Advancement of Education,  
16 and the Commitment to Human Services Fund during the month  
17 minus the amount paid out of the General Revenue Fund in State  
18 warrants during that same month as refunds to taxpayers for  
19 overpayment of liability under the tax imposed by subsections  
20 (a) and (b) of Section 201 of this Act.

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

26 (c) Deposits Into Income Tax Refund Fund.

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

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

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

1 fiscal year thereafter, the percentage deposited into the  
2 Income Tax Refund Fund during a fiscal year shall be the  
3 Annual Percentage. For fiscal years 1999, 2000, and 2001,  
4 the Annual Percentage shall be 19%. For fiscal year 2003,  
5 the Annual Percentage shall be 27%. For fiscal year 2004,  
6 the Annual Percentage shall be 32%. Upon the effective date  
7 of this amendatory Act of the 93rd General Assembly, the  
8 Annual Percentage shall be 24% for fiscal year 2005. For  
9 fiscal year 2006, the Annual Percentage shall be 20%. For  
10 fiscal year 2007, the Annual Percentage shall be 17.5%. For  
11 fiscal year 2008, the Annual Percentage shall be 15.5%. For  
12 fiscal year 2009, the Annual Percentage shall be 17.5%. For  
13 fiscal year 2010, the Annual Percentage shall be 17.5%. For  
14 fiscal year 2011, the Annual Percentage shall be 17.5%. For  
15 fiscal year 2012, the Annual Percentage shall be 17.5%. For  
16 fiscal year 2013, the Annual Percentage shall be 14%. For  
17 fiscal year 2014, the Annual Percentage shall be 13.4%. For  
18 fiscal year 2015, the Annual Percentage shall be 14%. For  
19 all other fiscal years, the Annual Percentage shall be  
20 calculated as a fraction, the numerator of which shall be  
21 the amount of refunds approved for payment by the  
22 Department during the preceding fiscal year as a result of  
23 overpayment of tax liability under subsections (a) and  
24 (b) (6), (7), and (8), (c) and (d) of Section 201 of this  
25 Act plus the amount of such refunds remaining approved but  
26 unpaid at the end of the preceding fiscal year, and the

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

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

15 (d) Expenditures from Income Tax Refund Fund.

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

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

1 extent that amounts collected pursuant to Section 201 of  
2 this Act and transfers pursuant to this subsection (d) and  
3 item (3) of subsection (c) have been deposited and retained  
4 in the Fund.

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

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

1 Section 201 of this Act deposited into the Income Tax  
2 Refund Fund during the fiscal year.

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

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

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

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

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

13 (f) Deposits into the Fund for the Advancement of  
14 Education. Beginning February 1, 2015, the Department shall  
15 deposit the following portions of the revenue realized from the  
16 tax imposed upon individuals, trusts, and estates by  
17 subsections (a) and (b) of Section 201 of this Act during the  
18 preceding month, minus deposits into the Income Tax Refund  
19 Fund, into the Fund for the Advancement of 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, the Department shall deposit the  
3 following portions of the revenue realized from the tax imposed  
4 upon individuals, trusts, and estates by subsections (a) and  
5 (b) of Section 201 of this Act during the preceding month,  
6 minus deposits into the Income Tax Refund Fund, into the  
7 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 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)  
5 Sec. 1501. Definitions.

6 (a) In general. When used in this Act, where not otherwise  
7 distinctly expressed or manifestly incompatible with the  
8 intent thereof:

9 (1) Business income. The term "business income" means  
10 all income that may be treated as apportionable business  
11 income under the Constitution of the United States.  
12 Business income is net of the deductions allocable thereto.  
13 Such term does not include compensation or the deductions  
14 allocable thereto. For each taxable year beginning on or  
15 after January 1, 2003, a taxpayer may elect to treat all  
16 income other than compensation as business income. This  
17 election shall be made in accordance with rules adopted by  
18 the Department and, once made, shall be irrevocable.

19 (1.5) Captive real estate investment trust:

20 (A) The term "captive real estate investment  
21 trust" means a corporation, trust, or association:

22 (i) that is considered a real estate  
23 investment trust for the taxable year under  
24 Section 856 of the Internal Revenue Code;

25 (ii) the certificates of beneficial interest

1 or shares of which are not regularly traded on an  
2 established securities market; and

3 (iii) of which more than 50% of the voting  
4 power or value of the beneficial interest or  
5 shares, at any time during the last half of the  
6 taxable year, is owned or controlled, directly,  
7 indirectly, or constructively, by a single  
8 corporation.

9 (B) The term "captive real estate investment  
10 trust" does not include:

11 (i) a real estate investment trust of which  
12 more than 50% of the voting power or value of the  
13 beneficial interest or shares is owned or  
14 controlled, directly, indirectly, or  
15 constructively, by:

16 (a) a real estate investment trust, other  
17 than a captive real estate investment trust;

18 (b) a person who is exempt from taxation  
19 under Section 501 of the Internal Revenue Code,  
20 and who is not required to treat income  
21 received from the real estate investment trust  
22 as unrelated business taxable income under  
23 Section 512 of the Internal Revenue Code;

24 (c) a listed Australian property trust, if  
25 no more than 50% of the voting power or value  
26 of the beneficial interest or shares of that

1 trust, at any time during the last half of the  
2 taxable year, is owned or controlled, directly  
3 or indirectly, by a single person;

4 (d) an entity organized as a trust,  
5 provided a listed Australian property trust  
6 described in subparagraph (c) owns or  
7 controls, directly or indirectly, or  
8 constructively, 75% or more of the voting power  
9 or value of the beneficial interests or shares  
10 of such entity; or

11 (e) an entity that is organized outside of  
12 the laws of the United States and that  
13 satisfies all of the following criteria:

14 (1) at least 75% of the entity's total  
15 asset value at the close of its taxable  
16 year is represented by real estate assets  
17 (as defined in Section 856(c)(5)(B) of the  
18 Internal Revenue Code, thereby including  
19 shares or certificates of beneficial  
20 interest in any real estate investment  
21 trust), cash and cash equivalents, and  
22 U.S. Government securities;

23 (2) the entity is not subject to tax on  
24 amounts that are distributed to its  
25 beneficial owners or is exempt from  
26 entity-level taxation;

1           (3) the entity distributes at least  
2           85% of its taxable income (as computed in  
3           the jurisdiction in which it is organized)  
4           to the holders of its shares or  
5           certificates of beneficial interest on an  
6           annual basis;

7           (4) either (i) the shares or  
8           beneficial interests of the entity are  
9           regularly traded on an established  
10          securities market or (ii) not more than 10%  
11          of the voting power or value in the entity  
12          is held, directly, indirectly, or  
13          constructively, by a single entity or  
14          individual; and

15          (5) the entity is organized in a  
16          country that has entered into a tax treaty  
17          with the United States; or

18          (ii) during its first taxable year for which it  
19          elects to be treated as a real estate investment  
20          trust under Section 856(c)(1) of the Internal  
21          Revenue Code, a real estate investment trust the  
22          certificates of beneficial interest or shares of  
23          which are not regularly traded on an established  
24          securities market, but only if the certificates of  
25          beneficial interest or shares of the real estate  
26          investment trust are regularly traded on an

1           established securities market prior to the earlier  
2           of the due date (including extensions) for filing  
3           its return under this Act for that first taxable  
4           year or the date it actually files that return.

5           (C) For the purposes of this subsection (1.5), the  
6           constructive ownership rules prescribed under Section  
7           318(a) of the Internal Revenue Code, as modified by  
8           Section 856(d) (5) of the Internal Revenue Code, apply  
9           in determining the ownership of stock, assets, or net  
10          profits of any person.

11          (D) For the purposes of this item (1.5), for  
12          taxable years ending on or after August 16, 2007, the  
13          voting power or value of the beneficial interest or  
14          shares of a real estate investment trust does not  
15          include any voting power or value of beneficial  
16          interest or shares in a real estate investment trust  
17          held directly or indirectly in a segregated asset  
18          account by a life insurance company (as described in  
19          Section 817 of the Internal Revenue Code) to the extent  
20          such voting power or value is for the benefit of  
21          entities or persons who are either immune from taxation  
22          or exempt from taxation under subtitle A of the  
23          Internal Revenue Code.

24          (2) Commercial domicile. The term "commercial  
25          domicile" means the principal place from which the trade or  
26          business of the taxpayer is directed or managed.

1           (3) Compensation. The term "compensation" means wages,  
2 salaries, commissions and any other form of remuneration  
3 paid to employees for personal services.

4           (4) Corporation. The term "corporation" includes  
5 associations, joint-stock companies, insurance companies  
6 and cooperatives. Any entity, including a limited  
7 liability company formed under the Illinois Limited  
8 Liability Company Act, shall be treated as a corporation if  
9 it is so classified for federal income tax purposes.

10          (5) Department. The term "Department" means the  
11 Department of Revenue of this State.

12          (6) Director. The term "Director" means the Director of  
13 Revenue of this State.

14          (7) Fiduciary. The term "fiduciary" means a guardian,  
15 trustee, executor, administrator, receiver, or any person  
16 acting in any fiduciary capacity for any person.

17          (8) Financial organization.

18           (A) The term "financial organization" means any  
19 bank, bank holding company, trust company, savings  
20 bank, industrial bank, land bank, safe deposit  
21 company, private banker, savings and loan association,  
22 building and loan association, credit union, currency  
23 exchange, cooperative bank, small loan company, sales  
24 finance company, investment company, or any person  
25 which is owned by a bank or bank holding company. For  
26 the purpose of this Section a "person" will include

1           only those persons which a bank holding company may  
2           acquire and hold an interest in, directly or  
3           indirectly, under the provisions of the Bank Holding  
4           Company Act of 1956 (12 U.S.C. 1841, et seq.), except  
5           where interests in any person must be disposed of  
6           within certain required time limits under the Bank  
7           Holding Company Act of 1956.

8           (B) For purposes of subparagraph (A) of this  
9           paragraph, the term "bank" includes (i) any entity that  
10          is regulated by the Comptroller of the Currency under  
11          the National Bank Act, or by the Federal Reserve Board,  
12          or by the Federal Deposit Insurance Corporation and  
13          (ii) any federally or State chartered bank operating as  
14          a credit card bank.

15          (C) For purposes of subparagraph (A) of this  
16          paragraph, the term "sales finance company" has the  
17          meaning provided in the following item (i) or (ii):

18                 (i) A person primarily engaged in one or more  
19                 of the following businesses: the business of  
20                 purchasing customer receivables, the business of  
21                 making loans upon the security of customer  
22                 receivables, the business of making loans for the  
23                 express purpose of funding purchases of tangible  
24                 personal property or services by the borrower, or  
25                 the business of finance leasing. For purposes of  
26                 this item (i), "customer receivable" means:



1           (a) a retail installment contract or  
2           retail charge agreement within the meaning of  
3           the Sales Finance Agency Act, the Retail  
4           Installment Sales Act, or the Motor Vehicle  
5           Retail Installment Sales Act;

6           (b) an installment, charge, credit, or  
7           similar contract or agreement arising from the  
8           sale of tangible personal property or services  
9           in a transaction involving a deferred payment  
10          price payable in one or more installments  
11          subsequent to the sale; or

12          (c) the outstanding balance of a contract  
13          or agreement described in provisions (a) or (b)  
14          of this item (i).

15          A customer receivable need not provide for  
16          payment of interest on deferred payments. A sales  
17          finance company may purchase a customer receivable  
18          from, or make a loan secured by a customer  
19          receivable to, the seller in the original  
20          transaction or to a person who purchased the  
21          customer receivable directly or indirectly from  
22          that seller.

23          (ii) A corporation meeting each of the  
24          following criteria:

25                 (a) the corporation must be a member of an  
26                 "affiliated group" within the meaning of

1 Section 1504(a) of the Internal Revenue Code,  
2 determined without regard to Section 1504(b)  
3 of the Internal Revenue Code;

4 (b) more than 50% of the gross income of  
5 the corporation for the taxable year must be  
6 interest income derived from qualifying loans.  
7 A "qualifying loan" is a loan made to a member  
8 of the corporation's affiliated group that  
9 originates customer receivables (within the  
10 meaning of item (i)) or to whom customer  
11 receivables originated by a member of the  
12 affiliated group have been transferred, to the  
13 extent the average outstanding balance of  
14 loans from that corporation to members of its  
15 affiliated group during the taxable year do not  
16 exceed the limitation amount for that  
17 corporation. The "limitation amount" for a  
18 corporation is the average outstanding  
19 balances during the taxable year of customer  
20 receivables (within the meaning of item (i))  
21 originated by all members of the affiliated  
22 group. If the average outstanding balances of  
23 the loans made by a corporation to members of  
24 its affiliated group exceed the limitation  
25 amount, the interest income of that  
26 corporation from qualifying loans shall be

1 equal to its interest income from loans to  
2 members of its affiliated groups times a  
3 fraction equal to the limitation amount  
4 divided by the average outstanding balances of  
5 the loans made by that corporation to members  
6 of its affiliated group;

7 (c) the total of all shareholder's equity  
8 (including, without limitation, paid-in  
9 capital on common and preferred stock and  
10 retained earnings) of the corporation plus the  
11 total of all of its loans, advances, and other  
12 obligations payable or owed to members of its  
13 affiliated group may not exceed 20% of the  
14 total assets of the corporation at any time  
15 during the tax year; and

16 (d) more than 50% of all interest-bearing  
17 obligations of the affiliated group payable to  
18 persons outside the group determined in  
19 accordance with generally accepted accounting  
20 principles must be obligations of the  
21 corporation.

22 This amendatory Act of the 91st General Assembly is  
23 declaratory of existing law.

24 (D) Subparagraphs (B) and (C) of this paragraph are  
25 declaratory of existing law and apply retroactively,  
26 for all tax years beginning on or before December 31,

1 1996, to all original returns, to all amended returns  
2 filed no later than 30 days after the effective date of  
3 this amendatory Act of 1996, and to all notices issued  
4 on or before the effective date of this amendatory Act  
5 of 1996 under subsection (a) of Section 903, subsection  
6 (a) of Section 904, subsection (e) of Section 909, or  
7 Section 912. A taxpayer that is a "financial  
8 organization" that engages in any transaction with an  
9 affiliate shall be a "financial organization" for all  
10 purposes of this Act.

11 (E) For all tax years beginning on or before  
12 December 31, 1996, a taxpayer that falls within the  
13 definition of a "financial organization" under  
14 subparagraphs (B) or (C) of this paragraph, but who  
15 does not fall within the definition of a "financial  
16 organization" under the Proposed Regulations issued by  
17 the Department of Revenue on July 19, 1996, may  
18 irrevocably elect to apply the Proposed Regulations  
19 for all of those years as though the Proposed  
20 Regulations had been lawfully promulgated, adopted,  
21 and in effect for all of those years. For purposes of  
22 applying subparagraphs (B) or (C) of this paragraph to  
23 all of those years, the election allowed by this  
24 subparagraph applies only to the taxpayer making the  
25 election and to those members of the taxpayer's unitary  
26 business group who are ordinarily required to

1           apportion business income under the same subsection of  
2           Section 304 of this Act as the taxpayer making the  
3           election. No election allowed by this subparagraph  
4           shall be made under a claim filed under subsection (d)  
5           of Section 909 more than 30 days after the effective  
6           date of this amendatory Act of 1996.

7           (F) Finance Leases. For purposes of this  
8           subsection, a finance lease shall be treated as a loan  
9           or other extension of credit, rather than as a lease,  
10          regardless of how the transaction is characterized for  
11          any other purpose, including the purposes of any  
12          regulatory agency to which the lessor is subject. A  
13          finance lease is any transaction in the form of a lease  
14          in which the lessee is treated as the owner of the  
15          leased asset entitled to any deduction for  
16          depreciation allowed under Section 167 of the Internal  
17          Revenue Code.

18          (9) Fiscal year. The term "fiscal year" means an  
19          accounting period of 12 months ending on the last day of  
20          any month other than December.

21          (9.5) Fixed place of business. The term "fixed place of  
22          business" has the same meaning as that term is given in  
23          Section 864 of the Internal Revenue Code and the related  
24          Treasury regulations.

25          (10) Includes and including. The terms "includes" and  
26          "including" when used in a definition contained in this Act

1 shall not be deemed to exclude other things otherwise  
2 within the meaning of the term defined.

3 (11) Internal Revenue Code. The term "Internal Revenue  
4 Code" means the United States Internal Revenue Code of 1954  
5 or any successor law or laws relating to federal income  
6 taxes in effect for the taxable year.

7 (11.5) Investment partnership.

8 (A) The term "investment partnership" means any  
9 entity that is treated as a partnership for federal  
10 income tax purposes that meets the following  
11 requirements:

12 (i) no less than 90% of the partnership's cost  
13 of its total assets consists of qualifying  
14 investment securities, deposits at banks or other  
15 financial institutions, and office space and  
16 equipment reasonably necessary to carry on its  
17 activities as an investment partnership;

18 (ii) no less than 90% of its gross income  
19 consists of interest, dividends, and gains from  
20 the sale or exchange of qualifying investment  
21 securities; and

22 (iii) the partnership is not a dealer in  
23 qualifying investment securities.

24 (B) For purposes of this paragraph (11.5), the term  
25 "qualifying investment securities" includes all of the  
26 following:

1           (i) common stock, including preferred or debt  
2 securities convertible into common stock, and  
3 preferred stock;

4           (ii) bonds, debentures, and other debt  
5 securities;

6           (iii) foreign and domestic currency deposits  
7 secured by federal, state, or local governmental  
8 agencies;

9           (iv) mortgage or asset-backed securities  
10 secured by federal, state, or local governmental  
11 agencies;

12           (v) repurchase agreements and loan  
13 participations;

14           (vi) foreign currency exchange contracts and  
15 forward and futures contracts on foreign  
16 currencies;

17           (vii) stock and bond index securities and  
18 futures contracts and other similar financial  
19 securities and futures contracts on those  
20 securities;

21           (viii) options for the purchase or sale of any  
22 of the securities, currencies, contracts, or  
23 financial instruments described in items (i) to  
24 (vii), inclusive;

25           (ix) regulated futures contracts;

26           (x) commodities (not described in Section

1 1221(a)(1) of the Internal Revenue Code) or  
2 futures, forwards, and options with respect to  
3 such commodities, provided, however, that any item  
4 of a physical commodity to which title is actually  
5 acquired in the partnership's capacity as a dealer  
6 in such commodity shall not be a qualifying  
7 investment security;

8 (xi) derivatives; and

9 (xii) a partnership interest in another  
10 partnership that is an investment partnership.

11 (12) Mathematical error. The term "mathematical error"  
12 includes the following types of errors, omissions, or  
13 defects in a return filed by a taxpayer which prevents  
14 acceptance of the return as filed for processing:

15 (A) arithmetic errors or incorrect computations on  
16 the return or supporting schedules;

17 (B) entries on the wrong lines;

18 (C) omission of required supporting forms or  
19 schedules or the omission of the information in whole  
20 or in part called for thereon; and

21 (D) an attempt to claim, exclude, deduct, or  
22 improperly report, in a manner directly contrary to the  
23 provisions of the Act and regulations thereunder any  
24 item of income, exemption, deduction, or credit.

25 (13) Nonbusiness income. The term "nonbusiness income"  
26 means all income other than business income or



1 compensation.

2 (14) Nonresident. The term "nonresident" means a  
3 person who is not a resident.

4 (15) Paid, incurred and accrued. The terms "paid",  
5 "incurred" and "accrued" shall be construed according to  
6 the method of accounting upon the basis of which the  
7 person's base income is computed under this Act.

8 (16) Partnership and partner. The term "partnership"  
9 includes a syndicate, group, pool, joint venture or other  
10 unincorporated organization, through or by means of which  
11 any business, financial operation, or venture is carried  
12 on, and which is not, within the meaning of this Act, a  
13 trust or estate or a corporation; and the term "partner"  
14 includes a member in such syndicate, group, pool, joint  
15 venture or organization.

16 The term "partnership" includes any entity, including  
17 a limited liability company formed under the Illinois  
18 Limited Liability Company Act, classified as a partnership  
19 for federal income tax purposes.

20 The term "partnership" does not include a syndicate,  
21 group, pool, joint venture, or other unincorporated  
22 organization established for the sole purpose of playing  
23 the Illinois State Lottery.

24 (17) Part-year resident. The term "part-year resident"  
25 means an individual who became a resident during the  
26 taxable year or ceased to be a resident during the taxable

1 year. Under Section 1501(a)(20)(A)(i) residence commences  
2 with presence in this State for other than a temporary or  
3 transitory purpose and ceases with absence from this State  
4 for other than a temporary or transitory purpose. Under  
5 Section 1501(a)(20)(A)(ii) residence commences with the  
6 establishment of domicile in this State and ceases with the  
7 establishment of domicile in another State.

8 (18) Person. The term "person" shall be construed to  
9 mean and include an individual, a trust, estate,  
10 partnership, association, firm, company, corporation,  
11 limited liability company, or fiduciary. For purposes of  
12 Section 1301 and 1302 of this Act, a "person" means (i) an  
13 individual, (ii) a corporation, (iii) an officer, agent, or  
14 employee of a corporation, (iv) a member, agent or employee  
15 of a partnership, or (v) a member, manager, employee,  
16 officer, director, or agent of a limited liability company  
17 who in such capacity commits an offense specified in  
18 Section 1301 and 1302.

19 (18A) Records. The term "records" includes all data  
20 maintained by the taxpayer, whether on paper, microfilm,  
21 microfiche, or any type of machine-sensible data  
22 compilation.

23 (19) Regulations. The term "regulations" includes  
24 rules promulgated and forms prescribed by the Department.

25 (20) Resident. The term "resident" means:

26 (A) an individual (i) who is in this State for

1 other than a temporary or transitory purpose during the  
2 taxable year; or (ii) who is domiciled in this State  
3 but is absent from the State for a temporary or  
4 transitory purpose during the taxable year;

5 (B) The estate of a decedent who at his or her  
6 death was domiciled in this State;

7 (C) A trust created by a will of a decedent who at  
8 his death was domiciled in this State; and

9 (D) An irrevocable trust, the grantor of which was  
10 domiciled in this State at the time such trust became  
11 irrevocable. For purpose of this subparagraph, a trust  
12 shall be considered irrevocable to the extent that the  
13 grantor is not treated as the owner thereof under  
14 Sections 671 through 678 of the Internal Revenue Code.

15 (21) Sales. The term "sales" means all gross receipts  
16 of the taxpayer not allocated under Sections 301, 302 and  
17 303.

18 (22) State. The term "state" when applied to a  
19 jurisdiction other than this State means any state of the  
20 United States, the District of Columbia, the Commonwealth  
21 of Puerto Rico, any Territory or Possession of the United  
22 States, and any foreign country, or any political  
23 subdivision of any of the foregoing. For purposes of the  
24 foreign tax credit under Section 601, the term "state"  
25 means any state of the United States, the District of  
26 Columbia, the Commonwealth of Puerto Rico, and any

1 territory or possession of the United States, or any  
2 political subdivision of any of the foregoing, effective  
3 for tax years ending on or after December 31, 1989.

4 (23) Taxable year. The term "taxable year" means the  
5 calendar year, or the fiscal year ending during such  
6 calendar year, upon the basis of which the base income is  
7 computed under this Act. "Taxable year" means, in the case  
8 of a return made for a fractional part of a year under the  
9 provisions of this Act, the period for which such return is  
10 made.

11 (24) Taxpayer. The term "taxpayer" means any person  
12 subject to the tax imposed by this Act.

13 (25) International banking facility. The term  
14 international banking facility shall have the same meaning  
15 as is set forth in the Illinois Banking Act or as is set  
16 forth in the laws of the United States or regulations of  
17 the Board of Governors of the Federal Reserve System.

18 (26) Income Tax Return Preparer.

19 (A) The term "income tax return preparer" means any  
20 person who prepares for compensation, or who employs  
21 one or more persons to prepare for compensation, any  
22 return of tax imposed by this Act or any claim for  
23 refund of tax imposed by this Act. The preparation of a  
24 substantial portion of a return or claim for refund  
25 shall be treated as the preparation of that return or  
26 claim for refund.

1 (B) A person is not an income tax return preparer  
2 if all he or she does is

3 (i) furnish typing, reproducing, or other  
4 mechanical assistance;

5 (ii) prepare returns or claims for refunds for  
6 the employer by whom he or she is regularly and  
7 continuously employed;

8 (iii) prepare as a fiduciary returns or claims  
9 for refunds for any person; or

10 (iv) prepare claims for refunds for a taxpayer  
11 in response to any notice of deficiency issued to  
12 that taxpayer or in response to any waiver of  
13 restriction after the commencement of an audit of  
14 that taxpayer or of another taxpayer if a  
15 determination in the audit of the other taxpayer  
16 directly or indirectly affects the tax liability  
17 of the taxpayer whose claims he or she is  
18 preparing.

19 (27) Unitary business group.

20 (A) The term "unitary business group" means a group  
21 of persons related through common ownership whose  
22 business activities are integrated with, dependent  
23 upon and contribute to each other. The group will not  
24 include those members whose business activity outside  
25 the United States is 80% or more of any such member's  
26 total business activity; for purposes of this

1 paragraph and clause (a)(3)(B)(ii) of Section 304,  
2 business activity within the United States shall be  
3 measured by means of the factors ordinarily applicable  
4 under subsections (a), (b), (c), (d), or (h) of Section  
5 304 except that, in the case of members ordinarily  
6 required to apportion business income by means of the 3  
7 factor formula of property, payroll and sales  
8 specified in subsection (a) of Section 304, including  
9 the formula as weighted in subsection (h) of Section  
10 304, such members shall not use the sales factor in the  
11 computation and the results of the property and payroll  
12 factor computations of subsection (a) of Section 304  
13 shall be divided by 2 (by one if either the property or  
14 payroll factor has a denominator of zero). The  
15 computation required by the preceding sentence shall,  
16 in each case, involve the division of the member's  
17 property, payroll, or revenue miles in the United  
18 States, insurance premiums on property or risk in the  
19 United States, or financial organization business  
20 income from sources within the United States, as the  
21 case may be, by the respective worldwide figures for  
22 such items. Common ownership in the case of  
23 corporations is the direct or indirect control or  
24 ownership of more than 50% of the outstanding voting  
25 stock of the persons carrying on unitary business  
26 activity. Unitary business activity can ordinarily be

1 illustrated where the activities of the members are:  
2 (1) in the same general line (such as manufacturing,  
3 wholesaling, retailing of tangible personal property,  
4 insurance, transportation or finance); or (2) are  
5 steps in a vertically structured enterprise or process  
6 (such as the steps involved in the production of  
7 natural resources, which might include exploration,  
8 mining, refining, and marketing); and, in either  
9 instance, the members are functionally integrated  
10 through the exercise of strong centralized management  
11 (where, for example, authority over such matters as  
12 purchasing, financing, tax compliance, product line,  
13 personnel, marketing and capital investment is not  
14 left to each member).

15 (B) In no event, for taxable years ending prior to  
16 December 31, 2017, shall any unitary business group  
17 include members which are ordinarily required to  
18 apportion business income under different subsections  
19 of Section 304 except that for tax years ending on or  
20 after December 31, 1987 this prohibition shall not  
21 apply to a holding company that would otherwise be a  
22 member of a unitary business group with taxpayers that  
23 apportion business income under any of subsections  
24 (b), (c), (c-1), or (d) of Section 304. If a unitary  
25 business group would, but for the preceding sentence,  
26 include members that are ordinarily required to

1           apportion business income under different subsections  
2           of Section 304, then for each subsection of Section 304  
3           for which there are two or more members, there shall be  
4           a separate unitary business group composed of such  
5           members. For purposes of the preceding two sentences, a  
6           member is "ordinarily required to apportion business  
7           income" under a particular subsection of Section 304 if  
8           it would be required to use the apportionment method  
9           prescribed by such subsection except for the fact that  
10          it derives business income solely from Illinois. As  
11          used in this paragraph, for taxable years ending before  
12          December 31, 2017, the phrase "United States" means  
13          only the 50 states and the District of Columbia, but  
14          does not include any territory or possession of the  
15          United States or any area over which the United States  
16          has asserted jurisdiction or claimed exclusive rights  
17          with respect to the exploration for or exploitation of  
18          natural resources. For taxable years ending on or after  
19          December 31, 2017, the phrase "United States", as used  
20          in this paragraph, means only the 50 states, the  
21          District of Columbia, and any area over which the  
22          United States has asserted jurisdiction or claimed  
23          exclusive rights with respect to the exploration for or  
24          exploitation of natural resources, but does not  
25          include any territory or possession of the United  
26          States.



1 (C) Holding companies.

2 (i) For purposes of this subparagraph, a  
3 "holding company" is a corporation (other than a  
4 corporation that is a financial organization under  
5 paragraph (8) of this subsection (a) of Section  
6 1501 because it is a bank holding company under the  
7 provisions of the Bank Holding Company Act of 1956  
8 (12 U.S.C. 1841, et seq.) or because it is owned by  
9 a bank or a bank holding company) that owns a  
10 controlling interest in one or more other  
11 taxpayers ("controlled taxpayers"); that, during  
12 the period that includes the taxable year and the 2  
13 immediately preceding taxable years or, if the  
14 corporation was formed during the current or  
15 immediately preceding taxable year, the taxable  
16 years in which the corporation has been in  
17 existence, derived substantially all its gross  
18 income from dividends, interest, rents, royalties,  
19 fees or other charges received from controlled  
20 taxpayers for the provision of services, and gains  
21 on the sale or other disposition of interests in  
22 controlled taxpayers or in property leased or  
23 licensed to controlled taxpayers or used by the  
24 taxpayer in providing services to controlled  
25 taxpayers; and that incurs no substantial expenses  
26 other than expenses (including interest and other

1 costs of borrowing) incurred in connection with  
2 the acquisition and holding of interests in  
3 controlled taxpayers and in the provision of  
4 services to controlled taxpayers or in the leasing  
5 or licensing of property to controlled taxpayers.

6 (ii) The income of a holding company which is a  
7 member of more than one unitary business group  
8 shall be included in each unitary business group of  
9 which it is a member on a pro rata basis, by  
10 including in each unitary business group that  
11 portion of the base income of the holding company  
12 that bears the same proportion to the total base  
13 income of the holding company as the gross receipts  
14 of the unitary business group bears to the combined  
15 gross receipts of all unitary business groups (in  
16 both cases without regard to the holding company)  
17 or on any other reasonable basis, consistently  
18 applied.

19 (iii) A holding company shall apportion its  
20 business income under the subsection of Section  
21 304 used by the other members of its unitary  
22 business group. The apportionment factors of a  
23 holding company which would be a member of more  
24 than one unitary business group shall be included  
25 with the apportionment factors of each unitary  
26 business group of which it is a member on a pro

1           rata basis using the same method used in clause  
2           (ii).

3           (iv) The provisions of this subparagraph (C)  
4           are intended to clarify existing law.

5           (D) If including the base income and factors of a  
6           holding company in more than one unitary business group  
7           under subparagraph (C) does not fairly reflect the  
8           degree of integration between the holding company and  
9           one or more of the unitary business groups, the  
10          dependence of the holding company and one or more of  
11          the unitary business groups upon each other, or the  
12          contributions between the holding company and one or  
13          more of the unitary business groups, the holding  
14          company may petition the Director, under the  
15          procedures provided under Section 304(f), for  
16          permission to include all base income and factors of  
17          the holding company only with members of a unitary  
18          business group apportioning their business income  
19          under one subsection of subsections (a), (b), (c), or  
20          (d) of Section 304. If the petition is granted, the  
21          holding company shall be included in a unitary business  
22          group only with persons apportioning their business  
23          income under the selected subsection of Section 304  
24          until the Director grants a petition of the holding  
25          company either to be included in more than one unitary  
26          business group under subparagraph (C) or to include its

1 base income and factors only with members of a unitary  
2 business group apportioning their business income  
3 under a different subsection of Section 304.

4 (E) If the unitary business group members'  
5 accounting periods differ, the common parent's  
6 accounting period or, if there is no common parent, the  
7 accounting period of the member that is expected to  
8 have, on a recurring basis, the greatest Illinois  
9 income tax liability must be used to determine whether  
10 to use the apportionment method provided in subsection  
11 (a) or subsection (h) of Section 304. The prohibition  
12 against membership in a unitary business group for  
13 taxpayers ordinarily required to apportion income  
14 under different subsections of Section 304 does not  
15 apply to taxpayers required to apportion income under  
16 subsection (a) and subsection (h) of Section 304. The  
17 provisions of this amendatory Act of 1998 apply to tax  
18 years ending on or after December 31, 1998.

19 (28) Subchapter S corporation. The term "Subchapter S  
20 corporation" means a corporation for which there is in  
21 effect an election under Section 1362 of the Internal  
22 Revenue Code, or for which there is a federal election to  
23 opt out of the provisions of the Subchapter S Revision Act  
24 of 1982 and have applied instead the prior federal  
25 Subchapter S rules as in effect on July 1, 1982.

26 (30) Foreign person. The term "foreign person" means

1 any person who is a nonresident alien individual and any  
2 nonindividual entity, regardless of where created or  
3 organized, whose business activity outside the United  
4 States is 80% or more of the entity's total business  
5 activity.

6 (b) Other definitions.

7 (1) Words denoting number, gender, and so forth, when  
8 used in this Act, where not otherwise distinctly expressed  
9 or manifestly incompatible with the intent thereof:

10 (A) Words importing the singular include and apply  
11 to several persons, parties or things;

12 (B) Words importing the plural include the  
13 singular; and

14 (C) Words importing the masculine gender include  
15 the feminine as well.

16 (2) "Company" or "association" as including successors  
17 and assigns. The word "company" or "association", when used  
18 in reference to a corporation, shall be deemed to embrace  
19 the words "successors and assigns of such company or  
20 association", and in like manner as if these last-named  
21 words, or words of similar import, were expressed.

22 (3) Other terms. Any term used in any Section of this  
23 Act with respect to the application of, or in connection  
24 with, the provisions of any other Section of this Act shall  
25 have the same meaning as in such other Section.

1 (Source: P.A. 99-213, eff. 7-31-15.)

2 ARTICLE 25. AMENDATORY PROVISIONS; STATE TAX LIEN REGISTRY

3 Section 25-5. The Illinois Income Tax Act is amended by  
4 changing Sections 1102, 1103, and 1105 as follows:

5 (35 ILCS 5/1102) (from Ch. 120, par. 11-1102)

6 Sec. 1102. Jeopardy Assessments.

7 (a) Jeopardy assessment and lien.

8 (1) Assessment. If the Department finds that a taxpayer  
9 is about to depart from the State, or to conceal himself or  
10 his property, or to do any other act tending to prejudice  
11 or to render wholly or partly ineffectual proceedings to  
12 collect any amount of tax or penalties imposed under this  
13 Act unless court proceedings are brought without delay, or  
14 if the Department finds that the collection of such amount  
15 will be jeopardized by delay, the Department shall give the  
16 taxpayer notice of such findings and shall make demand for  
17 immediate return and payment of such amount, whereupon such  
18 amount shall be deemed assessed and shall become  
19 immediately due and payable.

20 (2) Filing of lien. If the taxpayer, within 5 days  
21 after such notice (or within such extension of time as the  
22 Department may grant), does not comply with such notice or  
23 show to the Department that the findings in such notice are

1           erroneous, the Department may file a notice of jeopardy  
2           assessment lien in the State Tax Lien Registry ~~office of~~  
3           ~~the recorder of the county in which any property of the~~  
4           ~~taxpayer may be located~~ and shall notify the taxpayer of  
5           such filing. Such jeopardy assessment lien shall have the  
6           same scope and effect as a statutory lien under this Act.  
7           The taxpayer is liable for any administrative fee imposed  
8           by the Department by rule in connection with the State Tax  
9           Lien Registry ~~the filing fee incurred by the Department for~~  
10          ~~filing the lien and the filing fee incurred by the~~  
11          ~~Department to file the release of that lien.~~ The filing  
12          fees shall be paid to the Department in addition to payment  
13          of the tax, penalty, and interest included in the amount of  
14          the lien.

15           (b) Termination of taxable year. In the case of a tax for a  
16          current taxable year, the Director shall declare the taxable  
17          period of the taxpayer immediately terminated and his notice  
18          and demand for a return and immediate payment of the tax shall  
19          relate to the period declared terminated, including therein  
20          income accrued and deductions incurred up to the date of  
21          termination if not otherwise properly includible or deductible  
22          in respect of such taxable year.

23           (c) Protest. If the taxpayer believes that he does not owe  
24          some or all of the amount for which the jeopardy assessment  
25          lien against him has been filed, or that no jeopardy to the  
26          revenue in fact exists, he may protest within 20 days after

1 being notified by the Department of the filing of such jeopardy  
2 assessment lien and request a hearing, whereupon the Department  
3 shall hold a hearing in conformity with the provisions of  
4 section 908 and, pursuant thereto, shall notify the taxpayer of  
5 its decision as to whether or not such jeopardy assessment lien  
6 will be released.

7 (Source: P.A. 92-826, eff. 1-1-03.)

8 (35 ILCS 5/1103) (from Ch. 120, par. 11-1103)

9 Sec. 1103. Filing and Priority of Liens.

10 (a) Filing in the State Tax Lien Registry ~~with Recorder.~~

11 Nothing in this Article shall be construed to give the  
12 Department a preference over the rights of any bona fide  
13 purchaser, holder of a security interest, mechanics lienor,  
14 mortgagee, or judgment lien creditor arising prior to the  
15 filing of a regular notice of lien or a notice of jeopardy  
16 assessment lien in the State Tax Lien Registry ~~office of the~~  
17 ~~recorder in the county in which the property subject to the~~  
18 ~~lien is located.~~ For purposes of this Section ~~section~~, the term  
19 "bona fide," shall not include any mortgage of real or personal  
20 property or any other credit transaction that results in the  
21 mortgagee or the holder of the security acting as trustee for  
22 unsecured creditors of the taxpayer mentioned in the notice of  
23 lien who executed such chattel or real property mortgage or the  
24 document evidencing such credit transaction. Such lien shall be  
25 inferior to the lien of general taxes, special assessments and



1 special taxes heretofore or hereafter levied by any political  
2 subdivision of this State.

3 (b) Filing in the State Tax Lien Registry ~~with Registrar.~~  
4 In case title to land to be affected by the notice of lien or  
5 notice of jeopardy assessment lien is registered under the  
6 provisions of "An Act concerning land titles," approved May 1,  
7 1897, as amended, such notice shall also be filed in the State  
8 Tax Lien Registry ~~office of the Registrar of Titles of the~~  
9 ~~county within which the property subject to the lien is~~  
10 ~~situated and shall be entered upon the register of titles as a~~  
11 ~~memorial of charge upon each folium of the register of titles~~  
12 ~~affected by such notice,~~ and the Department shall not have a  
13 preference over the rights of any bona fide purchaser,  
14 mortgagee, judgment creditor or other lien holder arising prior  
15 to the registration of such notice.

16 (c) Index. The Department of Revenue shall maintain a State  
17 Tax Lien Index of all tax liens filed in the State Tax Lien  
18 Registry as provided for by the State Tax Lien Registration  
19 Act. ~~The recorder of each county shall procure a file labeled~~  
20 ~~"State Tax Lien Notices" and an index book labeled "State Tax~~  
21 ~~Lien Index."~~ When notice of any lien or jeopardy assessment  
22 lien is presented to him for filing, he shall file it in  
23 numerical order in the file and shall enter it alphabetically  
24 in the index. ~~The entry shall show the name and last known~~  
25 ~~address of the person named in the notice, the serial number of~~  
26 ~~the notice, the date and hour of filing, whether it is a~~

1 ~~regular lien or a jeopardy assessment lien, and the amount of~~  
2 ~~tax and penalty due and unpaid, plus the amount of interest due~~  
3 ~~at the time when the notice of lien or jeopardy assessment is~~  
4 ~~filed.~~

5 (d) (Blank). ~~No recorder or registrar of titles of any~~  
6 ~~county shall require that the Department pay any costs or fees~~  
7 ~~in connection with recordation of any notice or other document~~  
8 ~~filed by the Department under this Act at the time such notice~~  
9 ~~or other document is presented for recordation. The recorder or~~  
10 ~~registrar of each county, in order to receive payment for fees~~  
11 ~~or costs incurred by the Department, shall present the~~  
12 ~~Department with monthly statements indicating the amount of~~  
13 ~~fees and costs incurred by the Department and for which no~~  
14 ~~payment has been received. This amendatory Act of 1987 applies~~  
15 ~~to all liens heretofore or hereafter filed.~~

16 (e) The taxpayer is liable for any the filing fees imposed  
17 ~~fee incurred~~ by the Department for filing the lien in the State  
18 Tax Lien Registry and any the filing fees imposed ~~fee incurred~~  
19 by the Department for ~~to file~~ the release of that lien. The  
20 filing fees shall be paid to the Department in addition to  
21 payment of the tax, penalty, and interest included in the  
22 amount of the lien.

23 (Source: P.A. 92-826, eff. 1-1-03.)

24 (35 ILCS 5/1105) (from Ch. 120, par. 11-1105)

25 Sec. 1105. Release of Liens.

1 (a) In general. Upon payment by the taxpayer to the  
2 Department in cash or by guaranteed remittance of an amount  
3 representing the filing fees and charges for the lien and the  
4 filing fees and charges for the release of that lien, the  
5 Department shall release all or any portion of the property  
6 subject to any lien provided for in this Act and file that  
7 complete or partial release of lien in the State Tax Lien  
8 Registry ~~with the recorder of the county where that lien was~~  
9 ~~filed~~ if it determines that the release will not endanger or  
10 jeopardize the collection of the amount secured thereby.

11 (b) Judicial determination. If on judicial review the final  
12 judgment of the court is that the taxpayer does not owe some or  
13 all of the amount secured by the lien against him, or that no  
14 jeopardy to the revenue exists, the Department shall release  
15 its lien to the extent of such finding of nonliability, or to  
16 the extent of such finding of no jeopardy to the revenue. The  
17 taxpayer shall, however, be liable for the filing fee imposed  
18 ~~paid~~ by the Department to file the lien and the filing fee  
19 imposed to release ~~required to file a release of~~ the lien. The  
20 filing fees shall be paid to the Department.

21 (c) Payment. The Department shall also release its jeopardy  
22 assessment lien against the taxpayer whenever the tax and  
23 penalty covered by such lien, plus any interest which may be  
24 due and an amount representing the filing fee to file the lien  
25 and the filing fee imposed to release ~~required to file a~~  
26 ~~release of~~ that lien, are paid by the taxpayer to the

1 Department in cash or by guaranteed remittance.

2 (d) Certificate of release. The Department shall issue a  
3 certificate of complete or partial release of the lien upon  
4 payment by the taxpayer to the Department in cash or by  
5 guaranteed remittance of an amount representing the filing fee  
6 imposed ~~paid~~ by the Department to file the lien and the filing  
7 fee imposed to release ~~required to file the release of~~ that  
8 lien:

9 (1) to the extent that the fair market value of any  
10 property subject to the lien exceeds the amount of the lien  
11 plus the amount of all prior liens upon such property;

12 (2) to the extent that such lien shall become  
13 unenforceable;

14 (3) to the extent that the amount of such lien is paid  
15 by the person whose property is subject to such lien,  
16 together with any interest and penalty which may become due  
17 under this Act between the date when the notice of lien is  
18 filed and the date when the amount of such lien is paid;

19 (4) to the extent that there is furnished to the  
20 Department on a form to be approved and with a surety or  
21 sureties satisfactory to the Department a bond that is  
22 conditioned upon the payment of the amount of such lien,  
23 together with any interest which may become due under this  
24 Act after the notice of lien is filed, but before the  
25 amount thereof is fully paid;

26 (5) to the extent and under the circumstances specified

1 in this Section.

2 A certificate of complete or partial release of any lien  
3 shall be held conclusive that the lien upon the property  
4 covered by the certificate is extinguished to the extent  
5 indicated by such certificate.

6 Such release of lien shall be issued to the person, or his  
7 agent, against whom the lien was obtained and shall contain in  
8 legible letters a statement as follows:

9 FOR THE PROTECTION OF THE OWNER, THIS RELEASE SHALL  
10 BE FILED IN THE STATE TAX LIEN REGISTRY ~~WITH THE RECORDER~~  
11 ~~OR THE REGISTRAR~~  
12 ~~OF TITLES, IN WHOSE OFFICE, THE LIEN WAS FILED.~~

13 (e) Filing. When a certificate of complete or partial  
14 release of lien issued by the Department is filed in the State  
15 Tax Lien Registry, the Department ~~presented for filing in the~~  
16 ~~office of the recorder or Registrar of Titles where a notice of~~  
17 ~~lien or notice of jeopardy assessment lien was filed:~~

18 ~~(1) the recorder, in the case of nonregistered~~  
19 ~~property,~~ shall permanently attach the certificate of  
20 release to the notice of lien or notice of jeopardy  
21 assessment lien and shall enter the certificate of release  
22 and the date in the "State Tax Lien Index" on the line  
23 where the notice of lien or notice of jeopardy assessment  
24 lien is entered. ~~and~~

25 ~~(2) in the case of registered property, the Registrar~~  
26 ~~of Titles shall file and enter upon each folium of the~~

1 ~~register of titles affected thereby a memorial of the~~  
2 ~~certificate of release which memorial when so entered shall~~  
3 ~~act as a release pro tanto of any memorial of such notice~~  
4 ~~of lien or notice of jeopardy assessment lien previously~~  
5 ~~filed and registered.~~

6 (Source: P.A. 92-826, eff. 1-1-03.)

7 Section 25-10. The Retailers' Occupation Tax Act is amended  
8 by changing Sections 5a, 5b, and 5c as follows:

9 (35 ILCS 120/5a) (from Ch. 120, par. 444a)

10 Sec. 5a. The Department shall have a lien for the tax  
11 herein imposed or any portion thereof, or for any penalty  
12 provided for in this Act, or for any amount of interest which  
13 may be due as provided for in Section 5 of this Act, upon all  
14 the real and personal property of any person to whom a final  
15 assessment or revised final assessment has been issued as  
16 provided in this Act, or whenever a return is filed without  
17 payment of the tax or penalty shown therein to be due,  
18 including all such property of such persons acquired after  
19 receipt of such assessment or filing of such return. The  
20 taxpayer is liable for the filing fee imposed ~~incurred~~ by the  
21 Department for filing the lien and the filing fee imposed  
22 ~~incurred~~ by the Department to ~~file the~~ release the ~~of that~~  
23 lien. The filing fees shall be paid to the Department in  
24 addition to payment of the tax, penalty, and interest included

1 in the amount of the lien.

2       However, where the lien arises because of the issuance of a  
3 final assessment or revised final assessment by the Department,  
4 such lien shall not attach and the notice hereinafter referred  
5 to in this Section shall not be filed until all proceedings in  
6 court for review of such final assessment or revised final  
7 assessment have terminated or the time for the taking thereof  
8 has expired without such proceedings being instituted.

9       Upon the granting of a rehearing or departmental review  
10 pursuant to Section 4 or Section 5 of this Act after a lien has  
11 attached, such lien shall remain in full force except to the  
12 extent to which the final assessment may be reduced by a  
13 revised final assessment following such rehearing or review.

14       The lien created by the issuance of a final assessment  
15 shall terminate unless a notice of lien is filed, as provided  
16 in Section 5b hereof, within 3 years from the date all  
17 proceedings in court for the review of such final assessment  
18 have terminated or the time for the taking thereof has expired  
19 without such proceedings being instituted, or (in the case of a  
20 revised final assessment issued pursuant to a rehearing or  
21 departmental review) within 3 years from the date all  
22 proceedings in court for the review of such revised final  
23 assessment have terminated or the time for the taking thereof  
24 has expired without such proceedings being instituted; and  
25 where the lien results from the filing of a return without  
26 payment of the tax or penalty shown therein to be due, the lien

1 shall terminate unless a notice of lien is filed, as provided  
2 in Section 5b hereof, within 3 years from the date when such  
3 return is filed with the Department: Provided that the time  
4 limitation period on the Department's right to file a notice of  
5 lien shall not run (1) during any period of time in which the  
6 order of any court has the effect of enjoining or restraining  
7 the Department from filing such notice of lien, or (2) during  
8 the term of a repayment plan that taxpayer has entered into  
9 with the Department, as long as taxpayer remains in compliance  
10 with the terms of the repayment plan.

11 If the Department finds that a taxpayer is about to depart  
12 from the State, or to conceal himself or his property, or to do  
13 any other act tending to prejudice or to render wholly or  
14 partly ineffectual proceedings to collect such tax unless such  
15 proceedings are brought without delay, or if the Department  
16 finds that the collection of the amount due from any taxpayer  
17 will be jeopardized by delay, the Department shall give the  
18 taxpayer notice of such findings and shall make demand for  
19 immediate return and payment of such tax, whereupon such tax  
20 shall become immediately due and payable. If the taxpayer,  
21 within 5 days after such notice (or within such extension of  
22 time as the Department may grant), does not comply with such  
23 notice or show to the Department that the findings in such  
24 notice are erroneous, the Department may file a notice of  
25 jeopardy assessment lien in the State Tax Lien Registry ~~office~~  
26 ~~of the recorder of the county in which any property of the~~



1 ~~taxpayer may be located~~ and shall notify the taxpayer of such  
2 filing. Such jeopardy assessment lien shall have the same scope  
3 and effect as the statutory lien hereinbefore provided for in  
4 this Section.

5       If the taxpayer believes that he does not owe some or all  
6 of the tax for which the jeopardy assessment lien against him  
7 has been filed, or that no jeopardy to the revenue in fact  
8 exists, he may protest within 20 days after being notified by  
9 the Department of the filing of such jeopardy assessment lien  
10 and request a hearing, whereupon the Department shall hold a  
11 hearing in conformity with the provisions of this Act and,  
12 pursuant thereto, shall notify the taxpayer of its findings as  
13 to whether or not such jeopardy assessment lien will be  
14 released. If not, and if the taxpayer is aggrieved by this  
15 decision, he may file an action for judicial review of such  
16 final determination of the Department in accordance with  
17 Section 12 of this Act and the Administrative Review Law.

18       On and after July 1, 2013, protests concerning matters that  
19 are subject to the jurisdiction of the Illinois Independent Tax  
20 Tribunal shall be filed with the Tribunal, and hearings on  
21 those matters shall be held before the Tribunal in accordance  
22 with the Illinois Independent Tax Tribunal Act of 2012. The  
23 Tribunal shall notify the taxpayer of its findings as to  
24 whether or not such jeopardy assessment lien will be released.  
25 If not, and if the taxpayer is aggrieved by this decision, he  
26 may file an action for judicial review of such final

1 determination of the Department in accordance with Section 12  
2 of this Act and the Illinois Independent Tax Tribunal Act of  
3 2012.

4 With respect to protests filed with the Department prior to  
5 July 1, 2013 that would otherwise be subject to the  
6 jurisdiction of the Illinois Independent Tax Tribunal, the  
7 taxpayer may elect to be subject to the provisions of the  
8 Illinois Independent Tax Tribunal Act of 2012 at any time on or  
9 after July 1, 2013, but not later than 30 days after the date  
10 on which the protest was filed. If made, the election shall be  
11 irrevocable.

12 If, pursuant to such hearing (or after an independent  
13 determination of the facts by the Department without a  
14 hearing), the Department or the Tribunal determines that some  
15 or all of the tax covered by the jeopardy assessment lien is  
16 not owed by the taxpayer, or that no jeopardy to the revenue  
17 exists, or if on judicial review the final judgment of the  
18 court is that the taxpayer does not owe some or all of the tax  
19 covered by the jeopardy assessment lien against him, or that no  
20 jeopardy to the revenue exists, the Department shall release  
21 its jeopardy assessment lien to the extent of such finding of  
22 nonliability for the tax, or to the extent of such finding of  
23 no jeopardy to the revenue.

24 The Department shall also release its jeopardy assessment  
25 lien against the taxpayer whenever the tax and penalty covered  
26 by such lien, plus any interest which may be due, are paid and

1 the taxpayer has paid the Department in cash or by guaranteed  
2 remittance an amount representing the filing fee for the lien  
3 and the filing fee for the release of that lien. The Department  
4 shall file that release of lien in the State Tax Lien Registry  
5 ~~with the recorder of the county where that lien was filed.~~

6 Nothing in this Section shall be construed to give the  
7 Department a preference over the rights of any bona fide  
8 purchaser, holder of a security interest, mechanics  
9 lienholder, mortgagee, or judgment lien creditor arising prior  
10 to the filing of a regular notice of lien or a notice of  
11 jeopardy assessment lien in the State Tax Lien Registry ~~office~~  
12 ~~of the recorder in the county in which the property subject to~~  
13 ~~the lien is located:~~ Provided, however, that the word "bona  
14 fide", as used in this Section shall not include any mortgage  
15 of real or personal property or any other credit transaction  
16 that results in the mortgagee or the holder of the security  
17 acting as trustee for unsecured creditors of the taxpayer  
18 mentioned in the notice of lien who executed such chattel or  
19 real property mortgage or the document evidencing such credit  
20 transaction. Such lien shall be inferior to the lien of general  
21 taxes, special assessments and special taxes heretofore or  
22 hereafter levied by any political subdivision of this State.

23 In case title to land to be affected by the notice of lien  
24 or notice of jeopardy assessment lien is registered under the  
25 provisions of "An Act concerning land titles", approved May 1,  
26 1897, as amended, such notice shall also be filed in the State

1 ~~Tax Lien Registry~~ office of the Registrar of Titles of the  
2 county within which the property subject to the lien is  
3 situated and shall be entered upon the register of titles as a  
4 memorial or charge upon each folium of the register of titles  
5 affected by such notice, and the Department shall not have a  
6 preference over the rights of any bona fide purchaser,  
7 mortgagee, judgment creditor or other lien holder arising prior  
8 to the registration of such notice: Provided, however, that the  
9 word "bona fide" shall not include any mortgage of real or  
10 personal property or any other credit transaction that results  
11 in the mortgagee or the holder of the security acting as  
12 trustee for unsecured creditors of the taxpayer mentioned in  
13 the notice of lien who executed such chattel or real property  
14 mortgage or the document evidencing such credit transaction.

15 Such regular lien or jeopardy assessment lien shall not be  
16 effective against any purchaser with respect to any item in a  
17 retailer's stock in trade purchased from the retailer in the  
18 usual course of such retailer's business.

19 (Source: P.A. 97-1129, eff. 8-28-12; 98-446, eff. 8-16-13.)

20 (35 ILCS 120/5b) (from Ch. 120, par. 444b)

21 Sec. 5b. State Tax Lien Index. The Department of Revenue  
22 shall maintain a State Tax Lien Index of all tax liens filed in  
23 the State Tax Lien Registry as provided for by the State Tax  
24 Lien Registration Act. ~~The recorder of each county shall~~  
25 ~~procure a file labeled "State Tax Lien Notices" and an index~~

1 ~~book labeled "State Tax Lien Index". When notice of any lien or~~  
2 ~~jeopardy assessment lien is presented to him for filing, he~~  
3 ~~shall file it in numerical order in the file and shall enter it~~  
4 ~~alphabetically in the index. The entry shall show the name and~~  
5 ~~last known business address of the person named in the notice,~~  
6 ~~the serial number of the notice, the date and hour of filing,~~  
7 ~~whether it is a regular lien or a jeopardy assessment lien, and~~  
8 ~~the amount of tax and penalty due and unpaid, plus the amount~~  
9 ~~of interest due under Section 5 of this Act at the time when~~  
10 ~~the notice of lien or jeopardy assessment lien is filed.~~

11 ~~No recorder or registrar of titles of any county shall~~  
12 ~~require that the Department pay any costs or fees in connection~~  
13 ~~with recordation of any notice or other document filed by the~~  
14 ~~Department under this Act at the time such notice or other~~  
15 ~~document is presented for recordation. The recorder or~~  
16 ~~registrar of each county, in order to receive payment for fees~~  
17 ~~or costs incurred by the Department, shall present the~~  
18 ~~Department with monthly statements indicating the amount of~~  
19 ~~fees and costs incurred by the Department and for which no~~  
20 ~~payment has been received.~~

21 A notice of lien may be filed after the issuance of a  
22 revised final assessment pursuant to a rehearing or  
23 departmental review under Section 4 or Section 5 of this Act.

24 When the lien obtained pursuant to this Act has been  
25 satisfied and the taxpayer has paid the Department in cash or  
26 by guaranteed remittance an amount representing the filing fee

1 for the lien and the filing fee for the release of that lien,  
2 the Department shall issue a release of lien and file that  
3 release of lien in the State Tax Lien Registry ~~with the~~  
4 ~~recorder of the county where that lien was filed.~~ The release  
5 of lien shall contain in legible letters a statement as  
6 follows:

7 FOR THE PROTECTION OF THE OWNER, THIS RELEASE SHALL  
8 BE FILED IN THE STATE TAX LIEN REGISTRY ~~WITH THE RECORDER~~  
9 ~~OR THE REGISTRAR~~  
10 ~~OF TITLES, IN WHOSE OFFICE, THE LIEN WAS FILED.~~

11 When a certificate of complete or partial release of lien  
12 issued by the Department is filed in the State Tax Lien  
13 Registry, the Department of Revenue ~~presented for filing in the~~  
14 ~~office of the recorder or Registrar of Titles where a notice of~~  
15 ~~lien or notice of jeopardy assessment lien was filed, the~~  
16 ~~recorder, in the case of nonregistered property,~~ shall  
17 permanently attach the certificate of release to the notice of  
18 lien or notice of jeopardy assessment lien and shall enter the  
19 certificate of release and the date in the "State Tax Lien  
20 Index" on the line where the notice of lien or notice of  
21 jeopardy assessment lien is entered.

22 ~~In the case of registered property, the Registrar of Titles~~  
23 ~~shall file and enter upon each folium of the register of titles~~  
24 ~~affected thereby a memorial of the certificate of release which~~  
25 ~~memorial when so entered shall act as a release pro tanto of~~  
26 ~~any memorial of such notice of lien or notice of jeopardy~~

1 ~~assessment lien previously filed and registered.~~

2 (Source: P.A. 92-826, eff. 1-1-03.)

3 (35 ILCS 120/5c) (from Ch. 120, par. 444c)

4 Sec. 5c. Upon payment by the taxpayer to the Department in  
5 cash or by guaranteed remittance of an amount representing the  
6 filing fee for the lien and the filing fee for the release of  
7 that lien, the Department shall issue a certificate of complete  
8 or partial release of the lien and file that complete or  
9 partial release of lien in the State Tax Lien Registry ~~with the~~  
10 ~~recorder of the county where the lien was filed:~~

11 (a) to the extent that the fair market value of any  
12 property subject to the lien exceeds the amount of the lien  
13 plus the amount of all prior liens upon such property;

14 (b) to the extent that such lien shall become  
15 unenforceable;

16 (c) to the extent that the amount of such lien is paid  
17 by the retailer whose property is subject to such lien,  
18 together with any interest which may become due under  
19 Section 5 of this Act between the date when the notice of  
20 lien is filed and the date when the amount of such lien is  
21 paid;

22 (d) to the extent that there is furnished to the  
23 Department on a form to be approved and with a surety or  
24 sureties satisfactory to the Department a bond that is  
25 conditioned upon the payment of the amount of such lien,

1 together with any interest which may become due under  
2 Section 5 of this Act after the notice of lien is filed,  
3 but before the amount thereof is fully paid;

4 (e) to the extent and under the circumstances specified  
5 in Section 5a of this Act in the case of jeopardy  
6 assessment liens;

7 (f) to the extent to which an assessment is reduced  
8 pursuant to a rehearing or departmental review under  
9 Section 4 or Section 5 of this Act.

10 A certificate of complete or partial release of any lien  
11 shall be held conclusive that the lien upon the property  
12 covered by the certificate is extinguished to the extent  
13 indicated by such certificate.

14 (Source: P.A. 92-826, eff. 1-1-03.)

15 Section 25-15. The Cannabis and Controlled Substances Tax  
16 Act is amended by changing Sections 16, 17, and 19 as follows:

17 (35 ILCS 520/16) (from Ch. 120, par. 2166)

18 Sec. 16. All assessments are Jeopardy Assessments - lien.

19 (a) Assessment. An assessment for a dealer not possessing  
20 valid stamps or other official indicia showing that the tax has  
21 been paid shall be considered a jeopardy assessment or  
22 collection, as provided by Section 1102 of the Illinois Income  
23 Tax Act. The Department shall determine and assess a tax and  
24 applicable penalties and interest according to the best



1 judgment and information available to the Department, which  
2 amount so fixed by the Department shall be prima facie correct  
3 and shall be prima facie evidence of the correctness of the  
4 amount of tax due, as shown in such determination. When,  
5 according to the best judgment and information available to the  
6 Department with regard to all real and personal property and  
7 rights to property of the dealer, there is no reasonable  
8 expectation of collection of the amount of tax and penalty to  
9 be assessed, the Department may issue an assessment under this  
10 Section for the amount of tax without penalty.

11 (b) Filing of Lien. Upon issuance of a jeopardy assessment  
12 as provided by subsection (a) of this Section, the Department  
13 may file a notice of jeopardy assessment lien in the State Tax  
14 Lien Registry ~~office of the recorder of the county in which any~~  
15 ~~property of the taxpayer may be located~~ and shall notify the  
16 taxpayer of such filing.

17 (c) Protest. If the taxpayer believes that he does not owe  
18 some or all of the amount for which the jeopardy assessment  
19 lien against him has been filed, he may protest within 20 days  
20 after being notified by the Department of the filing of such  
21 jeopardy assessment lien and request a hearing, whereupon the  
22 Department shall hold a hearing in conformity with the  
23 provisions of Section 908 of the Illinois Income Tax Act and,  
24 pursuant thereto, shall notify the taxpayer of its decision as  
25 to whether or not such jeopardy assessment lien will be  
26 released.

1           After the expiration of the period within which the person  
2 assessed may file an action for judicial review without such  
3 action being filed, a certified copy of the final assessment or  
4 revised final assessment of the Department may be filed with  
5 the Circuit Court of the county in which the dealer resides, or  
6 of Cook County in the case of a dealer who does not reside in  
7 this State, or in the county where the violation of this Act  
8 took place. The certified copy of the final assessment or  
9 revised final assessment shall be accompanied by a  
10 certification which recites facts that are sufficient to show  
11 that the Department complied with the jurisdictional  
12 requirements of the Act in arriving at its final assessment or  
13 its revised final assessment and that the dealer had this  
14 opportunity for an administrative hearing and for judicial  
15 review, whether he availed himself or herself of either or both  
16 of these opportunities or not. If the court is satisfied that  
17 the Department complied with the jurisdictional requirements  
18 of the Act in arriving at its final assessment or its revised  
19 final assessment and that the taxpayer had his opportunity for  
20 an administrative hearing and for judicial review, whether he  
21 availed himself of either or both of these opportunities or  
22 not, the court shall render judgment in favor of the Department  
23 and against the taxpayer for the amount shown to be due by the  
24 final assessment or the revised final assessment, plus any  
25 interest which may be due, and such judgment shall be entered  
26 in the judgment docket of the court. Such judgment shall bear

1 the same rate of interest and shall have the same effect as  
2 other judgments. The judgment may be enforced, and all laws  
3 applicable to sales for the enforcement of a judgment shall be  
4 applicable to sales made under such judgments. The Department  
5 shall file the certified copy of its assessment, as herein  
6 provided, with the Circuit Court within 2 years after such  
7 assessment becomes final except when the taxpayer consents in  
8 writing to an extension of such filing period, and except that  
9 the time limitation period on the Department's right to file  
10 the certified copy of its assessment with the Circuit Court  
11 shall not run during any period of time in which the order of  
12 any court has the effect of enjoining or restraining the  
13 Department from filing such certified copy of its assessment  
14 with the Circuit Court.

15 If, when the cause of action for a proceeding in court  
16 accrues against a person, he or she is out of the State, the  
17 action may be commenced within the times herein limited, after  
18 his or her coming into or returning to the State; and if, after  
19 the cause of action accrues, he or she departs from and remains  
20 out of the State, the time of his or her absence from the  
21 State, the time of his or her absence is no part of the time  
22 limited for the commencement of the action; but the foregoing  
23 provisions concerning absence from the State shall not apply to  
24 any case in which, at the time the cause of action accrues, the  
25 party against whom the cause of action accrues is not a  
26 resident of this State. The time within which a court action is

1 to be commenced by the Department hereunder shall not run from  
2 the date the taxpayer files a petition in bankruptcy under the  
3 Federal Bankruptcy Act until 30 days after notice of  
4 termination or expiration of the automatic stay imposed by the  
5 Federal Bankruptcy Act.

6 No claim shall be filed against the estate of any deceased  
7 person or any person under legal disability for any tax or  
8 penalty or part of either, or interest, except in the manner  
9 prescribed and within the time limited by the Probate Act of  
10 1975, as amended.

11 The collection of tax or penalty or interest by any means  
12 provided for herein shall not be a bar to any prosecution under  
13 this Act.

14 In addition to any penalty provided for in this Act, any  
15 amount of tax which is not paid when due shall bear interest at  
16 the rate determined in accordance with the Uniform Penalty and  
17 Interest Act, per month or fraction thereof from the date when  
18 such tax becomes past due until such tax is paid or a judgment  
19 therefor is obtained by the Department. If the time for making  
20 or completing an audit of a taxpayer's books and records is  
21 extended with the taxpayer's consent, at the request of and for  
22 the convenience of the Department, beyond the date on which the  
23 statute of limitations upon the issuance of a notice of tax  
24 liability by the Department otherwise run, no interest shall  
25 accrue during the period of such extension. Interest shall be  
26 collected in the same manner and as part of the tax.

1           If the Department determines that an amount of tax or  
2 penalty or interest was incorrectly assessed, whether as the  
3 result of a mistake of fact or an error of law, the Department  
4 shall waive the amount of tax or penalty or interest that  
5 accrued due to the incorrect assessment.

6           (Source: P.A. 97-1129, eff. 8-28-12.)

7           (35 ILCS 520/17) (from Ch. 120, par. 2167)

8           Sec. 17. Filing and Priority of Liens. (a) Filing in the  
9 State Tax Lien Registry ~~with Recorder~~. Nothing in this Act  
10 shall be construed to give the Department a preference over the  
11 rights of any bona fide purchaser, holder of a security  
12 interest, mechanics lienholder, mortgagee, or judgment lien  
13 creditor arising prior to the filing of a regular notice of  
14 lien or a notice of jeopardy assessment lien in the State Tax  
15 Lien Registry ~~office of the recorder in the county in which the~~  
16 ~~property subject to the lien is located~~. For purposes of this  
17 section, the term "bona fide," shall not include any mortgage  
18 of real or personal property or any other credit transaction  
19 that results in the mortgagee or the holder of the security  
20 acting as trustee for unsecured creditors of the taxpayer  
21 mentioned in the notice of lien who executed such chattel or  
22 real property mortgage or the document evidencing such credit  
23 transaction. Such lien shall be inferior to the lien of general  
24 taxes, special assessments and special taxes heretofore or  
25 hereafter levied by any political subdivision of this State.

1           (b) ~~Filing with Registrar.~~ In case title to land to be  
2 affected by the notice of lien or notice of jeopardy assessment  
3 lien is registered under the provisions of "An Act concerning  
4 land titles," approved May 1, 1897, as amended, such notice  
5 shall also be filed in the State Tax Lien Registry ~~office of~~  
6 ~~the Registrar of Titles of the county within which the property~~  
7 ~~subject to the lien is situated and shall be entered upon the~~  
8 ~~register of titles as a memorial of charge upon each folium of~~  
9 ~~the register of titles affected by such notice,~~ and the  
10 Department shall not have a preference over the rights of any  
11 bona fide purchaser, mortgagee, judgment creditor or other lien  
12 holder arising prior to the registration of such notice.

13           (c) (Blank). ~~No recorder or registrar of titles of any~~  
14 ~~county shall require that the Department pay any costs or fees~~  
15 ~~in connection with recordation of any notice or other document~~  
16 ~~filed by the Department under this Act at the time such notice~~  
17 ~~or other document is presented for recordation.~~

18           (Source: P.A. 86-905.)

19           (35 ILCS 520/19) (from Ch. 120, par. 2169)

20           Sec. 19. Release of Liens.

21           (a) In general. The Department shall release all or any  
22 portion of the property subject to any lien provided for in  
23 this Act if it determines that the release will not endanger or  
24 jeopardize the collection of the amount secured thereby. The  
25 Department shall release its lien on property which is the

1 subject of forfeiture proceedings under the Narcotics Profit  
2 Forfeiture Act, the Criminal Code of 2012, or the Drug Asset  
3 Forfeiture Procedure Act until all forfeiture proceedings are  
4 concluded. Property forfeited shall not be subject to a lien  
5 under this Act.

6 (b) Judicial determination. If on judicial review the final  
7 judgment of the court is that the taxpayer does not owe some or  
8 all of the amount secured by the lien against him, or that no  
9 jeopardy to the revenue exists, the Department shall release  
10 its lien to the extent of such finding of nonliability, or to  
11 the extent of such finding of no jeopardy to the revenue.

12 (c) Payment. The Department shall also release its jeopardy  
13 assessment lien against the taxpayer whenever the tax and  
14 penalty covered by such lien, plus any interest which may be  
15 due, are paid.

16 (d) Certificate of release. The Department shall issue a  
17 certificate of complete or partial release of the lien:

18 (1) To the extent that the fair market value of any  
19 property subject to the lien exceeds the amount of the lien  
20 plus the amount of all prior liens upon such property;

21 (2) To the extent that such lien shall become  
22 unenforceable;

23 (3) To the extent that the amount of such lien is paid  
24 by the person whose property is subject to such lien,  
25 together with any interest and penalty which may become due  
26 under this Act between the date when the notice of lien is

1 filed and the date when the amount of such lien is paid;

2 (4) To the extent and under the circumstances specified  
3 in this Section. A certificate of complete or partial  
4 release of any lien shall be held conclusive that the lien  
5 upon the property covered by the certificate is  
6 extinguished to the extent indicated by such certificate.

7 Such release of lien shall be issued to the person, or his  
8 agent, against whom the lien was obtained and shall contain in  
9 legible letters a statement as follows:

10 FOR THE PROTECTION OF THE OWNER, THIS RELEASE SHALL  
11 BE FILED IN THE STATE TAX LIEN REGISTRY ~~WITH THE RECORDER~~  
12 ~~OR THE REGISTRAR~~  
13 ~~OF TITLES, IN WHOSE OFFICE, THE LIEN WAS FILED.~~

14 (e) Filing. When a certificate of complete or partial  
15 release of lien issued by the Department is filed in the State  
16 Tax Lien Registry, the Department ~~presented for filing in the~~  
17 ~~office of the recorder or Registrar of Titles where a notice of~~  
18 ~~lien or notice of jeopardy assessment lien was filed:~~

19 ~~(1) The recorder, in the case of nonregistered~~  
20 ~~property,~~ shall permanently attach the certificate of  
21 release to the notice of lien or notice of jeopardy  
22 assessment lien and shall enter the certificate of release  
23 and the date in the "State Tax Lien Index" on the line  
24 where the notice of lien or notice of jeopardy assessment  
25 lien is entered. ~~and~~

26 ~~(2) In the case of registered property, the Registrar~~



1 ~~of Titles shall file and enter upon each folium of the~~  
2 ~~register of titles affected thereby a memorial of the~~  
3 ~~certificate of release which memorial when so entered shall~~  
4 ~~act as a release pro tanto of any memorial of such notice~~  
5 ~~of lien or notice of jeopardy assessment lien previously~~  
6 ~~filed and registered.~~

7 (Source: P.A. 97-1150, eff. 1-25-13.)

8 Section 25-20. The Illinois Municipal Code is amended by  
9 changing Section 8-3-15 as follows:

10 (65 ILCS 5/8-3-15) (from Ch. 24, par. 8-3-15)

11 Sec. 8-3-15. The corporate authorities of each  
12 municipality shall have all powers necessary to enforce the  
13 collection of any tax imposed and collected by such  
14 municipality, whether such tax was imposed pursuant to its home  
15 rule powers or statutory authorization, including but not  
16 limited to subpoena power and the power to create and enforce  
17 liens. No such lien shall affect the rights of bona fide  
18 purchasers, mortgagees, judgment creditors or other  
19 lienholders who acquire their interests in such property prior  
20 to the time a notice of such lien is placed on record in the  
21 office of the recorder or the registrar of titles of the county  
22 in which the property is located. However, nothing in this  
23 Section shall permit a municipality to place a lien upon  
24 property not located or found within its corporate boundaries.

1 A municipality creating a lien may provide that the procedures  
2 for its notice and enforcement shall be the same as that  
3 provided in the Retailers' Occupation Tax Act, as that Act  
4 existed prior to the adoption of the State Tax Lien  
5 Registration Act ~~now or hereafter amended~~, for State tax liens,  
6 and any recorder or registrar of titles with whom a notice of  
7 such lien is filed shall treat such lien as a State tax lien  
8 for recording purposes.

9 (Source: P.A. 86-680.)

10 Section 25-25. The Title Insurance Act is amended by  
11 changing Section 22 as follows:

12 (215 ILCS 155/22) (from Ch. 73, par. 1422)

13 Sec. 22. Tax indemnity; notice. A corporation authorized to  
14 do business under this Act shall notify the Director of Revenue  
15 of the State of Illinois, by notice directed to his office in  
16 the City of Chicago, of each trust account or similar account  
17 established which relates to title exceptions due to a judgment  
18 lien or any other lien arising under any tax Act administered  
19 by the Illinois Department of Revenue, when notice of such lien  
20 has been filed with the registrar of titles or recorder or in  
21 the State Tax Lien Registry, as the case may be, in the manner  
22 prescribed by law. Such notice shall contain the name, address,  
23 and tax identification number of the debtor, the permanent real  
24 estate index numbers, if any, and the address and legal

1 description of the property, the type of lien claimed by the  
2 Department and identification of any trust fund or similar  
3 account held by such corporation or any agent thereof relating  
4 to such lien. Any trust fund or similar account established by  
5 such corporation or agent relating to any such lien shall  
6 include provisions requiring such corporation or agent to apply  
7 such fund in satisfaction or release of such lien upon written  
8 demand therefor by the Department of Revenue.

9 (Source: P.A. 94-893, eff. 6-20-06.)

10 ARTICLE 30. GASOHOL; ETHANOL FUEL

11 Section 30-5. The Use Tax Act is amended by changing  
12 Section 3-10 and by adding Section 3-44.3 as follows:

13 (35 ILCS 105/3-10)

14 Sec. 3-10. Rate of tax. Unless otherwise provided in this  
15 Section, the tax imposed by this Act is at the rate of 6.25% of  
16 either the selling price or the fair market value, if any, of  
17 the tangible personal property. In all cases where property  
18 functionally used or consumed is the same as the property that  
19 was purchased at retail, then the tax is imposed on the selling  
20 price of the property. In all cases where property functionally  
21 used or consumed is a by-product or waste product that has been  
22 refined, manufactured, or produced from property purchased at  
23 retail, then the tax is imposed on the lower of the fair market

1 value, if any, of the specific property so used in this State  
2 or on the selling price of the property purchased at retail.  
3 For purposes of this Section "fair market value" means the  
4 price at which property would change hands between a willing  
5 buyer and a willing seller, neither being under any compulsion  
6 to buy or sell and both having reasonable knowledge of the  
7 relevant facts. The fair market value shall be established by  
8 Illinois sales by the taxpayer of the same property as that  
9 functionally used or consumed, or if there are no such sales by  
10 the taxpayer, then comparable sales or purchases of property of  
11 like kind and character in Illinois.

12 Beginning on July 1, 2000 and through December 31, 2000,  
13 with respect to motor fuel, as defined in Section 1.1 of the  
14 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of  
15 the Use Tax Act, the tax is imposed at the rate of 1.25%.

16 Beginning on August 6, 2010 through August 15, 2010, with  
17 respect to sales tax holiday items as defined in Section 3-6 of  
18 this Act, the tax is imposed at the rate of 1.25%.

19 With respect to gasohol, the tax imposed by this Act  
20 applies to (i) 70% of the proceeds of sales made on or after  
21 January 1, 1990, and before July 1, 2003, (ii) 80% of the  
22 proceeds of sales made on or after July 1, 2003 and on or  
23 before July 1, 2017 ~~December 31, 2018~~, and (iii) 100% of the  
24 proceeds of sales made thereafter. If, at any time, however,  
25 the tax under this Act on sales of gasohol is imposed at the  
26 rate of 1.25%, then the tax imposed by this Act applies to 100%

1 of the proceeds of sales of gasohol made during that time.

2 With respect to mid-range ethanol blends, the tax imposed  
3 by this Act applies to (i) 80% of the proceeds of sales made on  
4 or after July 1, 2017 and on or before December 31, 2023 and  
5 (ii) 100% of the proceeds of sales made thereafter. If, at any  
6 time, however, the tax under this Act on sales of mid-range  
7 ethanol blends is imposed at the rate of 1.25%, then the tax  
8 imposed by this Act applies to 100% of the proceeds of sales of  
9 mid-range ethanol blends made during that time.

10 With respect to majority blended ethanol fuel, the tax  
11 imposed by this Act does not apply to the proceeds of sales  
12 made on or after July 1, 2003 and on or before December 31,  
13 2023 ~~December 31, 2018~~ but applies to 100% of the proceeds of  
14 sales made thereafter.

15 With respect to biodiesel blends with no less than 1% and  
16 no more than 10% biodiesel, the tax imposed by this Act applies  
17 to (i) 80% of the proceeds of sales made on or after July 1,  
18 2003 and on or before December 31, 2018 and (ii) 100% of the  
19 proceeds of sales made thereafter. If, at any time, however,  
20 the tax under this Act on sales of biodiesel blends with no  
21 less than 1% and no more than 10% biodiesel is imposed at the  
22 rate of 1.25%, then the tax imposed by this Act applies to 100%  
23 of the proceeds of sales of biodiesel blends with no less than  
24 1% and no more than 10% biodiesel made during that time.

25 With respect to 100% biodiesel and biodiesel blends with  
26 more than 10% but no more than 99% biodiesel, the tax imposed

1 by this Act does not apply to the proceeds of sales made on or  
2 after July 1, 2003 and on or before December 31, 2023 ~~December~~  
3 ~~31, 2018~~ but applies to 100% of the proceeds of sales made  
4 thereafter.

5 With respect to food for human consumption that is to be  
6 consumed off the premises where it is sold (other than  
7 alcoholic beverages, soft drinks, and food that has been  
8 prepared for immediate consumption) and prescription and  
9 nonprescription medicines, drugs, medical appliances, products  
10 classified as Class III medical devices by the United States  
11 Food and Drug Administration that are used for cancer treatment  
12 pursuant to a prescription, as well as any accessories and  
13 components related to those devices, modifications to a motor  
14 vehicle for the purpose of rendering it usable by a person with  
15 a disability, and insulin, urine testing materials, syringes,  
16 and needles used by diabetics, for human use, the tax is  
17 imposed at the rate of 1%. For the purposes of this Section,  
18 until September 1, 2009: the term "soft drinks" means any  
19 complete, finished, ready-to-use, non-alcoholic drink, whether  
20 carbonated or not, including but not limited to soda water,  
21 cola, fruit juice, vegetable juice, carbonated water, and all  
22 other preparations commonly known as soft drinks of whatever  
23 kind or description that are contained in any closed or sealed  
24 bottle, can, carton, or container, regardless of size; but  
25 "soft drinks" does not include coffee, tea, non-carbonated  
26 water, infant formula, milk or milk products as defined in the

1 Grade A Pasteurized Milk and Milk Products Act, or drinks  
2 containing 50% or more natural fruit or vegetable juice.

3 Notwithstanding any other provisions of this Act,  
4 beginning September 1, 2009, "soft drinks" means non-alcoholic  
5 beverages that contain natural or artificial sweeteners. "Soft  
6 drinks" do not include beverages that contain milk or milk  
7 products, soy, rice or similar milk substitutes, or greater  
8 than 50% of vegetable or fruit juice by volume.

9 Until August 1, 2009, and notwithstanding any other  
10 provisions of this Act, "food for human consumption that is to  
11 be consumed off the premises where it is sold" includes all  
12 food sold through a vending machine, except soft drinks and  
13 food products that are dispensed hot from a vending machine,  
14 regardless of the location of the vending machine. Beginning  
15 August 1, 2009, and notwithstanding any other provisions of  
16 this Act, "food for human consumption that is to be consumed  
17 off the premises where it is sold" includes all food sold  
18 through a vending machine, except soft drinks, candy, and food  
19 products that are dispensed hot from a vending machine,  
20 regardless of the location of the vending machine.

21 Notwithstanding any other provisions of this Act,  
22 beginning September 1, 2009, "food for human consumption that  
23 is to be consumed off the premises where it is sold" does not  
24 include candy. For purposes of this Section, "candy" means a  
25 preparation of sugar, honey, or other natural or artificial  
26 sweeteners in combination with chocolate, fruits, nuts or other

1 ingredients or flavorings in the form of bars, drops, or  
2 pieces. "Candy" does not include any preparation that contains  
3 flour or requires refrigeration.

4 Notwithstanding any other provisions of this Act,  
5 beginning September 1, 2009, "nonprescription medicines and  
6 drugs" does not include grooming and hygiene products. For  
7 purposes of this Section, "grooming and hygiene products"  
8 includes, but is not limited to, soaps and cleaning solutions,  
9 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan  
10 lotions and screens, unless those products are available by  
11 prescription only, regardless of whether the products meet the  
12 definition of "over-the-counter-drugs". For the purposes of  
13 this paragraph, "over-the-counter-drug" means a drug for human  
14 use that contains a label that identifies the product as a drug  
15 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"  
16 label includes:

17 (A) A "Drug Facts" panel; or

18 (B) A statement of the "active ingredient(s)" with a  
19 list of those ingredients contained in the compound,  
20 substance or preparation.

21 Beginning on the effective date of this amendatory Act of  
22 the 98th General Assembly, "prescription and nonprescription  
23 medicines and drugs" includes medical cannabis purchased from a  
24 registered dispensing organization under the Compassionate Use  
25 of Medical Cannabis Pilot Program Act.

26 If the property that is purchased at retail from a retailer



1 is acquired outside Illinois and used outside Illinois before  
2 being brought to Illinois for use here and is taxable under  
3 this Act, the "selling price" on which the tax is computed  
4 shall be reduced by an amount that represents a reasonable  
5 allowance for depreciation for the period of prior out-of-state  
6 use.

7 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;  
8 99-858, eff. 8-19-16.)

9 (35 ILCS 105/3-44.3 new)

10 Sec. 3-44.3. Mid-range ethanol blend. "Mid-range ethanol  
11 blend" means a blend of gasoline and denatured ethanol that  
12 contains not less than 20% but less than 51% denatured ethanol.

13 Section 30-10. The Service Use Tax Act is amended by  
14 changing Section 3-10 as follows:

15 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

16 Sec. 3-10. Rate of tax. Unless otherwise provided in this  
17 Section, the tax imposed by this Act is at the rate of 6.25% of  
18 the selling price of tangible personal property transferred as  
19 an incident to the sale of service, but, for the purpose of  
20 computing this tax, in no event shall the selling price be less  
21 than the cost price of the property to the serviceman.

22 Beginning on July 1, 2000 and through December 31, 2000,  
23 with respect to motor fuel, as defined in Section 1.1 of the

1 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of  
2 the Use Tax Act, the tax is imposed at the rate of 1.25%.

3 With respect to gasohol, as defined in the Use Tax Act, the  
4 tax imposed by this Act applies to (i) 70% of the selling price  
5 of property transferred as an incident to the sale of service  
6 on or after January 1, 1990, and before July 1, 2003, (ii) 80%  
7 of the selling price of property transferred as an incident to  
8 the sale of service on or after July 1, 2003 and on or before  
9 July 1, 2017 ~~December 31, 2018~~, and (iii) 100% of the selling  
10 price thereafter. If, at any time, however, the tax under this  
11 Act on sales of gasohol, as defined in the Use Tax Act, is  
12 imposed at the rate of 1.25%, then the tax imposed by this Act  
13 applies to 100% of the proceeds of sales of gasohol made during  
14 that time.

15 With respect to mid-range ethanol blends, as defined in the  
16 Use Tax Act, the tax imposed by this Act applies to (i) 80% of  
17 the selling price of property transferred as an incident to the  
18 sale of service on or after July 1, 2017 and on or before  
19 December 31, 2023 and (ii) 100% of the selling price  
20 thereafter. If, at any time, however, the tax under this Act on  
21 sales of mid-range ethanol blends is imposed at the rate of  
22 1.25%, then the tax imposed by this Act applies to 100% of the  
23 proceeds of sales of mid-range ethanol blends made during that  
24 time.

25 With respect to majority blended ethanol fuel, as defined  
26 in the Use Tax Act, the tax imposed by this Act does not apply

1 to the selling price of property transferred as an incident to  
2 the sale of service on or after July 1, 2003 and on or before  
3 December 31, 2023 ~~December 31, 2018~~ but applies to 100% of the  
4 selling price thereafter.

5 With respect to biodiesel blends, as defined in the Use Tax  
6 Act, with no less than 1% and no more than 10% biodiesel, the  
7 tax imposed by this Act applies to (i) 80% of the selling price  
8 of property transferred as an incident to the sale of service  
9 on or after July 1, 2003 and on or before December 31, 2018 and  
10 (ii) 100% of the proceeds of the selling price thereafter. If,  
11 at any time, however, the tax under this Act on sales of  
12 biodiesel blends, as defined in the Use Tax Act, with no less  
13 than 1% and no more than 10% biodiesel is imposed at the rate  
14 of 1.25%, then the tax imposed by this Act applies to 100% of  
15 the proceeds of sales of biodiesel blends with no less than 1%  
16 and no more than 10% biodiesel made during that time.

17 With respect to 100% biodiesel, as defined in the Use Tax  
18 Act, and biodiesel blends, as defined in the Use Tax Act, with  
19 more than 10% but no more than 99% biodiesel, the tax imposed  
20 by this Act does not apply to the proceeds of the selling price  
21 of property transferred as an incident to the sale of service  
22 on or after July 1, 2003 and on or before December 31, 2023  
23 ~~December 31, 2018~~ but applies to 100% of the selling price  
24 thereafter.

25 At the election of any registered serviceman made for each  
26 fiscal year, sales of service in which the aggregate annual

1 cost price of tangible personal property transferred as an  
2 incident to the sales of service is less than 35%, or 75% in  
3 the case of servicemen transferring prescription drugs or  
4 servicemen engaged in graphic arts production, of the aggregate  
5 annual total gross receipts from all sales of service, the tax  
6 imposed by this Act shall be based on the serviceman's cost  
7 price of the tangible personal property transferred as an  
8 incident to the sale of those services.

9 The tax shall be imposed at the rate of 1% on food prepared  
10 for immediate consumption and transferred incident to a sale of  
11 service subject to this Act or the Service Occupation Tax Act  
12 by an entity licensed under the Hospital Licensing Act, the  
13 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD  
14 Act, the Specialized Mental Health Rehabilitation Act of 2013,  
15 or the Child Care Act of 1969. The tax shall also be imposed at  
16 the rate of 1% on food for human consumption that is to be  
17 consumed off the premises where it is sold (other than  
18 alcoholic beverages, soft drinks, and food that has been  
19 prepared for immediate consumption and is not otherwise  
20 included in this paragraph) and prescription and  
21 nonprescription medicines, drugs, medical appliances, products  
22 classified as Class III medical devices by the United States  
23 Food and Drug Administration that are used for cancer treatment  
24 pursuant to a prescription, as well as any accessories and  
25 components related to those devices, modifications to a motor  
26 vehicle for the purpose of rendering it usable by a person with

1 a disability, and insulin, urine testing materials, syringes,  
2 and needles used by diabetics, for human use. For the purposes  
3 of this Section, until September 1, 2009: the term "soft  
4 drinks" means any complete, finished, ready-to-use,  
5 non-alcoholic drink, whether carbonated or not, including but  
6 not limited to soda water, cola, fruit juice, vegetable juice,  
7 carbonated water, and all other preparations commonly known as  
8 soft drinks of whatever kind or description that are contained  
9 in any closed or sealed bottle, can, carton, or container,  
10 regardless of size; but "soft drinks" does not include coffee,  
11 tea, non-carbonated water, infant formula, milk or milk  
12 products as defined in the Grade A Pasteurized Milk and Milk  
13 Products Act, or drinks containing 50% or more natural fruit or  
14 vegetable juice.

15 Notwithstanding any other provisions of this Act,  
16 beginning September 1, 2009, "soft drinks" means non-alcoholic  
17 beverages that contain natural or artificial sweeteners. "Soft  
18 drinks" do not include beverages that contain milk or milk  
19 products, soy, rice or similar milk substitutes, or greater  
20 than 50% of vegetable or fruit juice by volume.

21 Until August 1, 2009, and notwithstanding any other  
22 provisions of this Act, "food for human consumption that is to  
23 be consumed off the premises where it is sold" includes all  
24 food sold through a vending machine, except soft drinks and  
25 food products that are dispensed hot from a vending machine,  
26 regardless of the location of the vending machine. Beginning

1 August 1, 2009, and notwithstanding any other provisions of  
2 this Act, "food for human consumption that is to be consumed  
3 off the premises where it is sold" includes all food sold  
4 through a vending machine, except soft drinks, candy, and food  
5 products that are dispensed hot from a vending machine,  
6 regardless of the location of the vending machine.

7 Notwithstanding any other provisions of this Act,  
8 beginning September 1, 2009, "food for human consumption that  
9 is to be consumed off the premises where it is sold" does not  
10 include candy. For purposes of this Section, "candy" means a  
11 preparation of sugar, honey, or other natural or artificial  
12 sweeteners in combination with chocolate, fruits, nuts or other  
13 ingredients or flavorings in the form of bars, drops, or  
14 pieces. "Candy" does not include any preparation that contains  
15 flour or requires refrigeration.

16 Notwithstanding any other provisions of this Act,  
17 beginning September 1, 2009, "nonprescription medicines and  
18 drugs" does not include grooming and hygiene products. For  
19 purposes of this Section, "grooming and hygiene products"  
20 includes, but is not limited to, soaps and cleaning solutions,  
21 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan  
22 lotions and screens, unless those products are available by  
23 prescription only, regardless of whether the products meet the  
24 definition of "over-the-counter-drugs". For the purposes of  
25 this paragraph, "over-the-counter-drug" means a drug for human  
26 use that contains a label that identifies the product as a drug

1 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"  
2 label includes:

3 (A) A "Drug Facts" panel; or

4 (B) A statement of the "active ingredient(s)" with a  
5 list of those ingredients contained in the compound,  
6 substance or preparation.

7 Beginning on January 1, 2014 (the effective date of Public  
8 Act 98-122), "prescription and nonprescription medicines and  
9 drugs" includes medical cannabis purchased from a registered  
10 dispensing organization under the Compassionate Use of Medical  
11 Cannabis Pilot Program Act.

12 If the property that is acquired from a serviceman is  
13 acquired outside Illinois and used outside Illinois before  
14 being brought to Illinois for use here and is taxable under  
15 this Act, the "selling price" on which the tax is computed  
16 shall be reduced by an amount that represents a reasonable  
17 allowance for depreciation for the period of prior out-of-state  
18 use.

19 (Source: P.A. 98-104, eff. 7-22-13; 98-122, eff. 1-1-14;  
20 98-756, eff. 7-16-14; 99-143, eff. 7-27-15; 99-180, eff.  
21 7-29-15; 99-642, eff. 7-28-16; 99-858, eff. 8-19-16.)

22 Section 30-15. The Service Occupation Tax Act is amended by  
23 changing Section 3-10 as follows:

24 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

1           Sec. 3-10. Rate of tax. Unless otherwise provided in this  
2 Section, the tax imposed by this Act is at the rate of 6.25% of  
3 the "selling price", as defined in Section 2 of the Service Use  
4 Tax Act, of the tangible personal property. For the purpose of  
5 computing this tax, in no event shall the "selling price" be  
6 less than the cost price to the serviceman of the tangible  
7 personal property transferred. The selling price of each item  
8 of tangible personal property transferred as an incident of a  
9 sale of service may be shown as a distinct and separate item on  
10 the serviceman's billing to the service customer. If the  
11 selling price is not so shown, the selling price of the  
12 tangible personal property is deemed to be 50% of the  
13 serviceman's entire billing to the service customer. When,  
14 however, a serviceman contracts to design, develop, and produce  
15 special order machinery or equipment, the tax imposed by this  
16 Act shall be based on the serviceman's cost price of the  
17 tangible personal property transferred incident to the  
18 completion of the contract.

19           Beginning on July 1, 2000 and through December 31, 2000,  
20 with respect to motor fuel, as defined in Section 1.1 of the  
21 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of  
22 the Use Tax Act, the tax is imposed at the rate of 1.25%.

23           With respect to gasohol, as defined in the Use Tax Act, the  
24 tax imposed by this Act shall apply to (i) 70% of the cost  
25 price of property transferred as an incident to the sale of  
26 service on or after January 1, 1990, and before July 1, 2003,



1 (ii) 80% of the selling price of property transferred as an  
2 incident to the sale of service on or after July 1, 2003 and on  
3 or before July 1, 2017 ~~December 31, 2018~~, and (iii) 100% of the  
4 cost price thereafter. If, at any time, however, the tax under  
5 this Act on sales of gasohol, as defined in the Use Tax Act, is  
6 imposed at the rate of 1.25%, then the tax imposed by this Act  
7 applies to 100% of the proceeds of sales of gasohol made during  
8 that time.

9 With respect to mid-range ethanol blends, as defined in the  
10 Use Tax Act, the tax imposed by this Act applies to (i) 80% of  
11 the selling price of property transferred as an incident to the  
12 sale of service on or after July 1, 2017 and on or before  
13 December 31, 2023 and (ii) 100% of the selling price  
14 thereafter. If, at any time, however, the tax under this Act on  
15 sales of mid-range ethanol blends is imposed at the rate of  
16 1.25%, then the tax imposed by this Act applies to 100% of the  
17 proceeds of sales of mid-range ethanol blends made during that  
18 time.

19 With respect to majority blended ethanol fuel, as defined  
20 in the Use Tax Act, the tax imposed by this Act does not apply  
21 to the selling price of property transferred as an incident to  
22 the sale of service on or after July 1, 2003 and on or before  
23 December 31, 2023 ~~December 31, 2018~~ but applies to 100% of the  
24 selling price thereafter.

25 With respect to biodiesel blends, as defined in the Use Tax  
26 Act, with no less than 1% and no more than 10% biodiesel, the

1 tax imposed by this Act applies to (i) 80% of the selling price  
2 of property transferred as an incident to the sale of service  
3 on or after July 1, 2003 and on or before December 31, 2018 and  
4 (ii) 100% of the proceeds of the selling price thereafter. If,  
5 at any time, however, the tax under this Act on sales of  
6 biodiesel blends, as defined in the Use Tax Act, with no less  
7 than 1% and no more than 10% biodiesel is imposed at the rate  
8 of 1.25%, then the tax imposed by this Act applies to 100% of  
9 the proceeds of sales of biodiesel blends with no less than 1%  
10 and no more than 10% biodiesel made during that time.

11 With respect to 100% biodiesel, as defined in the Use Tax  
12 Act, and biodiesel blends, as defined in the Use Tax Act, with  
13 more than 10% but no more than 99% biodiesel material, the tax  
14 imposed by this Act does not apply to the proceeds of the  
15 selling price of property transferred as an incident to the  
16 sale of service on or after July 1, 2003 and on or before  
17 December 31, 2023 ~~December 31, 2018~~ but applies to 100% of the  
18 selling price thereafter.

19 At the election of any registered serviceman made for each  
20 fiscal year, sales of service in which the aggregate annual  
21 cost price of tangible personal property transferred as an  
22 incident to the sales of service is less than 35%, or 75% in  
23 the case of servicemen transferring prescription drugs or  
24 servicemen engaged in graphic arts production, of the aggregate  
25 annual total gross receipts from all sales of service, the tax  
26 imposed by this Act shall be based on the serviceman's cost

1 price of the tangible personal property transferred incident to  
2 the sale of those services.

3 The tax shall be imposed at the rate of 1% on food prepared  
4 for immediate consumption and transferred incident to a sale of  
5 service subject to this Act or the Service Occupation Tax Act  
6 by an entity licensed under the Hospital Licensing Act, the  
7 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD  
8 Act, the Specialized Mental Health Rehabilitation Act of 2013,  
9 or the Child Care Act of 1969. The tax shall also be imposed at  
10 the rate of 1% on food for human consumption that is to be  
11 consumed off the premises where it is sold (other than  
12 alcoholic beverages, soft drinks, and food that has been  
13 prepared for immediate consumption and is not otherwise  
14 included in this paragraph) and prescription and  
15 nonprescription medicines, drugs, medical appliances, products  
16 classified as Class III medical devices by the United States  
17 Food and Drug Administration that are used for cancer treatment  
18 pursuant to a prescription, as well as any accessories and  
19 components related to those devices, modifications to a motor  
20 vehicle for the purpose of rendering it usable by a person with  
21 a disability, and insulin, urine testing materials, syringes,  
22 and needles used by diabetics, for human use. For the purposes  
23 of this Section, until September 1, 2009: the term "soft  
24 drinks" means any complete, finished, ready-to-use,  
25 non-alcoholic drink, whether carbonated or not, including but  
26 not limited to soda water, cola, fruit juice, vegetable juice,

1 carbonated water, and all other preparations commonly known as  
2 soft drinks of whatever kind or description that are contained  
3 in any closed or sealed can, carton, or container, regardless  
4 of size; but "soft drinks" does not include coffee, tea,  
5 non-carbonated water, infant formula, milk or milk products as  
6 defined in the Grade A Pasteurized Milk and Milk Products Act,  
7 or drinks containing 50% or more natural fruit or vegetable  
8 juice.

9 Notwithstanding any other provisions of this Act,  
10 beginning September 1, 2009, "soft drinks" means non-alcoholic  
11 beverages that contain natural or artificial sweeteners. "Soft  
12 drinks" do not include beverages that contain milk or milk  
13 products, soy, rice or similar milk substitutes, or greater  
14 than 50% of vegetable or fruit juice by volume.

15 Until August 1, 2009, and notwithstanding any other  
16 provisions of this Act, "food for human consumption that is to  
17 be consumed off the premises where it is sold" includes all  
18 food sold through a vending machine, except soft drinks and  
19 food products that are dispensed hot from a vending machine,  
20 regardless of the location of the vending machine. Beginning  
21 August 1, 2009, and notwithstanding any other provisions of  
22 this Act, "food for human consumption that is to be consumed  
23 off the premises where it is sold" includes all food sold  
24 through a vending machine, except soft drinks, candy, and food  
25 products that are dispensed hot from a vending machine,  
26 regardless of the location of the vending machine.

1           Notwithstanding any other provisions of this Act,  
2 beginning September 1, 2009, "food for human consumption that  
3 is to be consumed off the premises where it is sold" does not  
4 include candy. For purposes of this Section, "candy" means a  
5 preparation of sugar, honey, or other natural or artificial  
6 sweeteners in combination with chocolate, fruits, nuts or other  
7 ingredients or flavorings in the form of bars, drops, or  
8 pieces. "Candy" does not include any preparation that contains  
9 flour or requires refrigeration.

10           Notwithstanding any other provisions of this Act,  
11 beginning September 1, 2009, "nonprescription medicines and  
12 drugs" does not include grooming and hygiene products. For  
13 purposes of this Section, "grooming and hygiene products"  
14 includes, but is not limited to, soaps and cleaning solutions,  
15 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan  
16 lotions and screens, unless those products are available by  
17 prescription only, regardless of whether the products meet the  
18 definition of "over-the-counter-drugs". For the purposes of  
19 this paragraph, "over-the-counter-drug" means a drug for human  
20 use that contains a label that identifies the product as a drug  
21 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"  
22 label includes:

23           (A) A "Drug Facts" panel; or

24           (B) A statement of the "active ingredient(s)" with a  
25 list of those ingredients contained in the compound,  
26 substance or preparation.

1           Beginning on January 1, 2014 (the effective date of Public  
2 Act 98-122), "prescription and nonprescription medicines and  
3 drugs" includes medical cannabis purchased from a registered  
4 dispensing organization under the Compassionate Use of Medical  
5 Cannabis Pilot Program Act.

6           (Source: P.A. 98-104, eff. 7-22-13; 98-122, eff. 1-1-14;  
7 98-756, eff. 7-16-14; 99-143, eff. 7-27-15; 99-180, eff.  
8 7-29-15; 99-642, eff. 7-28-16; 99-858, eff. 8-19-16.)

9           Section 30-20. The Retailers' Occupation Tax Act is amended  
10 by changing Section 2-10 as follows:

11           (35 ILCS 120/2-10)

12           Sec. 2-10. Rate of tax. Unless otherwise provided in this  
13 Section, the tax imposed by this Act is at the rate of 6.25% of  
14 gross receipts from sales of tangible personal property made in  
15 the course of business.

16           Beginning on July 1, 2000 and through December 31, 2000,  
17 with respect to motor fuel, as defined in Section 1.1 of the  
18 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of  
19 the Use Tax Act, the tax is imposed at the rate of 1.25%.

20           Beginning on August 6, 2010 through August 15, 2010, with  
21 respect to sales tax holiday items as defined in Section 2-8 of  
22 this Act, the tax is imposed at the rate of 1.25%.

23           Within 14 days after the effective date of this amendatory  
24 Act of the 91st General Assembly, each retailer of motor fuel

1 and gasohol shall cause the following notice to be posted in a  
2 prominently visible place on each retail dispensing device that  
3 is used to dispense motor fuel or gasohol in the State of  
4 Illinois: "As of July 1, 2000, the State of Illinois has  
5 eliminated the State's share of sales tax on motor fuel and  
6 gasohol through December 31, 2000. The price on this pump  
7 should reflect the elimination of the tax." The notice shall be  
8 printed in bold print on a sign that is no smaller than 4  
9 inches by 8 inches. The sign shall be clearly visible to  
10 customers. Any retailer who fails to post or maintain a  
11 required sign through December 31, 2000 is guilty of a petty  
12 offense for which the fine shall be \$500 per day per each  
13 retail premises where a violation occurs.

14 With respect to gasohol, as defined in the Use Tax Act, the  
15 tax imposed by this Act applies to (i) 70% of the proceeds of  
16 sales made on or after January 1, 1990, and before July 1,  
17 2003, (ii) 80% of the proceeds of sales made on or after July  
18 1, 2003 and on or before July 1, 2017 ~~December 31, 2018~~, and  
19 (iii) 100% of the proceeds of sales made thereafter. If, at any  
20 time, however, the tax under this Act on sales of gasohol, as  
21 defined in the Use Tax Act, is imposed at the rate of 1.25%,  
22 then the tax imposed by this Act applies to 100% of the  
23 proceeds of sales of gasohol made during that time.

24 With respect to mid-range ethanol blends, as defined in the  
25 Use Tax Act, the tax imposed by this Act applies to (i) 80% of  
26 the selling price of property transferred as an incident to the

1 sale of service on or after July 1, 2017 and on or before  
2 December 31, 2023 and (ii) 100% of the selling price  
3 thereafter. If, at any time, however, the tax under this Act on  
4 sales of mid-range ethanol blends is imposed at the rate of  
5 1.25%, then the tax imposed by this Act applies to 100% of the  
6 proceeds of sales of mid-range ethanol blends made during that  
7 time.

8 With respect to majority blended ethanol fuel, as defined  
9 in the Use Tax Act, the tax imposed by this Act does not apply  
10 to the proceeds of sales made on or after July 1, 2003 and on or  
11 before December 31, 2023 ~~December 31, 2018~~ but applies to 100%  
12 of the proceeds of sales made thereafter.

13 With respect to biodiesel blends, as defined in the Use Tax  
14 Act, with no less than 1% and no more than 10% biodiesel, the  
15 tax imposed by this Act applies to (i) 80% of the proceeds of  
16 sales made on or after July 1, 2003 and on or before December  
17 31, 2018 and (ii) 100% of the proceeds of sales made  
18 thereafter. If, at any time, however, the tax under this Act on  
19 sales of biodiesel blends, as defined in the Use Tax Act, with  
20 no less than 1% and no more than 10% biodiesel is imposed at  
21 the rate of 1.25%, then the tax imposed by this Act applies to  
22 100% of the proceeds of sales of biodiesel blends with no less  
23 than 1% and no more than 10% biodiesel made during that time.

24 With respect to 100% biodiesel, as defined in the Use Tax  
25 Act, and biodiesel blends, as defined in the Use Tax Act, with  
26 more than 10% but no more than 99% biodiesel, the tax imposed



1 by this Act does not apply to the proceeds of sales made on or  
2 after July 1, 2003 and on or before December 31, 2023 ~~December~~  
3 ~~31, 2018~~ but applies to 100% of the proceeds of sales made  
4 thereafter.

5 With respect to food for human consumption that is to be  
6 consumed off the premises where it is sold (other than  
7 alcoholic beverages, soft drinks, and food that has been  
8 prepared for immediate consumption) and prescription and  
9 nonprescription medicines, drugs, medical appliances, products  
10 classified as Class III medical devices by the United States  
11 Food and Drug Administration that are used for cancer treatment  
12 pursuant to a prescription, as well as any accessories and  
13 components related to those devices, modifications to a motor  
14 vehicle for the purpose of rendering it usable by a person with  
15 a disability, and insulin, urine testing materials, syringes,  
16 and needles used by diabetics, for human use, the tax is  
17 imposed at the rate of 1%. For the purposes of this Section,  
18 until September 1, 2009: the term "soft drinks" means any  
19 complete, finished, ready-to-use, non-alcoholic drink, whether  
20 carbonated or not, including but not limited to soda water,  
21 cola, fruit juice, vegetable juice, carbonated water, and all  
22 other preparations commonly known as soft drinks of whatever  
23 kind or description that are contained in any closed or sealed  
24 bottle, can, carton, or container, regardless of size; but  
25 "soft drinks" does not include coffee, tea, non-carbonated  
26 water, infant formula, milk or milk products as defined in the

1 Grade A Pasteurized Milk and Milk Products Act, or drinks  
2 containing 50% or more natural fruit or vegetable juice.

3 Notwithstanding any other provisions of this Act,  
4 beginning September 1, 2009, "soft drinks" means non-alcoholic  
5 beverages that contain natural or artificial sweeteners. "Soft  
6 drinks" do not include beverages that contain milk or milk  
7 products, soy, rice or similar milk substitutes, or greater  
8 than 50% of vegetable or fruit juice by volume.

9 Until August 1, 2009, and notwithstanding any other  
10 provisions of this Act, "food for human consumption that is to  
11 be consumed off the premises where it is sold" includes all  
12 food sold through a vending machine, except soft drinks and  
13 food products that are dispensed hot from a vending machine,  
14 regardless of the location of the vending machine. Beginning  
15 August 1, 2009, and notwithstanding any other provisions of  
16 this Act, "food for human consumption that is to be consumed  
17 off the premises where it is sold" includes all food sold  
18 through a vending machine, except soft drinks, candy, and food  
19 products that are dispensed hot from a vending machine,  
20 regardless of the location of the vending machine.

21 Notwithstanding any other provisions of this Act,  
22 beginning September 1, 2009, "food for human consumption that  
23 is to be consumed off the premises where it is sold" does not  
24 include candy. For purposes of this Section, "candy" means a  
25 preparation of sugar, honey, or other natural or artificial  
26 sweeteners in combination with chocolate, fruits, nuts or other

1 ingredients or flavorings in the form of bars, drops, or  
2 pieces. "Candy" does not include any preparation that contains  
3 flour or requires refrigeration.

4 Notwithstanding any other provisions of this Act,  
5 beginning September 1, 2009, "nonprescription medicines and  
6 drugs" does not include grooming and hygiene products. For  
7 purposes of this Section, "grooming and hygiene products"  
8 includes, but is not limited to, soaps and cleaning solutions,  
9 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan  
10 lotions and screens, unless those products are available by  
11 prescription only, regardless of whether the products meet the  
12 definition of "over-the-counter-drugs". For the purposes of  
13 this paragraph, "over-the-counter-drug" means a drug for human  
14 use that contains a label that identifies the product as a drug  
15 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"  
16 label includes:

17 (A) A "Drug Facts" panel; or

18 (B) A statement of the "active ingredient(s)" with a  
19 list of those ingredients contained in the compound,  
20 substance or preparation.

21 Beginning on the effective date of this amendatory Act of  
22 the 98th General Assembly, "prescription and nonprescription  
23 medicines and drugs" includes medical cannabis purchased from a  
24 registered dispensing organization under the Compassionate Use  
25 of Medical Cannabis Pilot Program Act.

26 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;

1 99-858, eff. 8-19-16.)

2 ARTICLE 35. GRAPHIC ARTS

3 Section 35-5. The Use Tax Act is amended by changing  
4 Sections 3-5 and 3-50 as follows:

5 (35 ILCS 105/3-5)

6 Sec. 3-5. Exemptions. Use of the following tangible  
7 personal property is exempt from the tax imposed by this Act:

8 (1) Personal property purchased from a corporation,  
9 society, association, foundation, institution, or  
10 organization, other than a limited liability company, that is  
11 organized and operated as a not-for-profit service enterprise  
12 for the benefit of persons 65 years of age or older if the  
13 personal property was not purchased by the enterprise for the  
14 purpose of resale by the enterprise.

15 (2) Personal property purchased by a not-for-profit  
16 Illinois county fair association for use in conducting,  
17 operating, or promoting the county fair.

18 (3) Personal property purchased by a not-for-profit arts or  
19 cultural organization that establishes, by proof required by  
20 the Department by rule, that it has received an exemption under  
21 Section 501(c)(3) of the Internal Revenue Code and that is  
22 organized and operated primarily for the presentation or  
23 support of arts or cultural programming, activities, or

1 services. These organizations include, but are not limited to,  
2 music and dramatic arts organizations such as symphony  
3 orchestras and theatrical groups, arts and cultural service  
4 organizations, local arts councils, visual arts organizations,  
5 and media arts organizations. On and after the effective date  
6 of this amendatory Act of the 92nd General Assembly, however,  
7 an entity otherwise eligible for this exemption shall not make  
8 tax-free purchases unless it has an active identification  
9 number issued by the Department.

10 (4) Personal property purchased by a governmental body, by  
11 a corporation, society, association, foundation, or  
12 institution organized and operated exclusively for charitable,  
13 religious, or educational purposes, or by a not-for-profit  
14 corporation, society, association, foundation, institution, or  
15 organization that has no compensated officers or employees and  
16 that is organized and operated primarily for the recreation of  
17 persons 55 years of age or older. A limited liability company  
18 may qualify for the exemption under this paragraph only if the  
19 limited liability company is organized and operated  
20 exclusively for educational purposes. On and after July 1,  
21 1987, however, no entity otherwise eligible for this exemption  
22 shall make tax-free purchases unless it has an active exemption  
23 identification number issued by the Department.

24 (5) Until July 1, 2003, a passenger car that is a  
25 replacement vehicle to the extent that the purchase price of  
26 the car is subject to the Replacement Vehicle Tax.

1           (6) Until July 1, 2003 and beginning again on September 1,  
2           2004 through August 30, 2014, graphic arts machinery and  
3           equipment, including repair and replacement parts, both new and  
4           used, and including that manufactured on special order,  
5           certified by the purchaser to be used primarily for graphic  
6           arts production, and including machinery and equipment  
7           purchased for lease. Equipment includes chemicals or chemicals  
8           acting as catalysts but only if the chemicals or chemicals  
9           acting as catalysts effect a direct and immediate change upon a  
10          graphic arts product. Beginning on July 1, 2017, graphic arts  
11          machinery and equipment is included in the manufacturing and  
12          assembling machinery and equipment exemption under paragraph  
13          (18).

14          (7) Farm chemicals.

15          (8) Legal tender, currency, medallions, or gold or silver  
16          coinage issued by the State of Illinois, the government of the  
17          United States of America, or the government of any foreign  
18          country, and bullion.

19          (9) Personal property purchased from a teacher-sponsored  
20          student organization affiliated with an elementary or  
21          secondary school located in Illinois.

22          (10) A motor vehicle that is used for automobile renting,  
23          as defined in the Automobile Renting Occupation and Use Tax  
24          Act.

25          (11) Farm machinery and equipment, both new and used,  
26          including that manufactured on special order, certified by the

1 purchaser to be used primarily for production agriculture or  
2 State or federal agricultural programs, including individual  
3 replacement parts for the machinery and equipment, including  
4 machinery and equipment purchased for lease, and including  
5 implements of husbandry defined in Section 1-130 of the  
6 Illinois Vehicle Code, farm machinery and agricultural  
7 chemical and fertilizer spreaders, and nurse wagons required to  
8 be registered under Section 3-809 of the Illinois Vehicle Code,  
9 but excluding other motor vehicles required to be registered  
10 under the Illinois Vehicle Code. Horticultural polyhouses or  
11 hoop houses used for propagating, growing, or overwintering  
12 plants shall be considered farm machinery and equipment under  
13 this item (11). Agricultural chemical tender tanks and dry  
14 boxes shall include units sold separately from a motor vehicle  
15 required to be licensed and units sold mounted on a motor  
16 vehicle required to be licensed if the selling price of the  
17 tender is separately stated.

18 Farm machinery and equipment shall include precision  
19 farming equipment that is installed or purchased to be  
20 installed on farm machinery and equipment including, but not  
21 limited to, tractors, harvesters, sprayers, planters, seeders,  
22 or spreaders. Precision farming equipment includes, but is not  
23 limited to, soil testing sensors, computers, monitors,  
24 software, global positioning and mapping systems, and other  
25 such equipment.

26 Farm machinery and equipment also includes computers,

1 sensors, software, and related equipment used primarily in the  
2 computer-assisted operation of production agriculture  
3 facilities, equipment, and activities such as, but not limited  
4 to, the collection, monitoring, and correlation of animal and  
5 crop data for the purpose of formulating animal diets and  
6 agricultural chemicals. This item (11) is exempt from the  
7 provisions of Section 3-90.

8 (12) Until June 30, 2013, fuel and petroleum products sold  
9 to or used by an air common carrier, certified by the carrier  
10 to be used for consumption, shipment, or storage in the conduct  
11 of its business as an air common carrier, for a flight destined  
12 for or returning from a location or locations outside the  
13 United States without regard to previous or subsequent domestic  
14 stopovers.

15 Beginning July 1, 2013, fuel and petroleum products sold to  
16 or used by an air carrier, certified by the carrier to be used  
17 for consumption, shipment, or storage in the conduct of its  
18 business as an air common carrier, for a flight that (i) is  
19 engaged in foreign trade or is engaged in trade between the  
20 United States and any of its possessions and (ii) transports at  
21 least one individual or package for hire from the city of  
22 origination to the city of final destination on the same  
23 aircraft, without regard to a change in the flight number of  
24 that aircraft.

25 (13) Proceeds of mandatory service charges separately  
26 stated on customers' bills for the purchase and consumption of



1 food and beverages purchased at retail from a retailer, to the  
2 extent that the proceeds of the service charge are in fact  
3 turned over as tips or as a substitute for tips to the  
4 employees who participate directly in preparing, serving,  
5 hosting or cleaning up the food or beverage function with  
6 respect to which the service charge is imposed.

7 (14) Until July 1, 2003, oil field exploration, drilling,  
8 and production equipment, including (i) rigs and parts of rigs,  
9 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and  
10 tubular goods, including casing and drill strings, (iii) pumps  
11 and pump-jack units, (iv) storage tanks and flow lines, (v) any  
12 individual replacement part for oil field exploration,  
13 drilling, and production equipment, and (vi) machinery and  
14 equipment purchased for lease; but excluding motor vehicles  
15 required to be registered under the Illinois Vehicle Code.

16 (15) Photoprocessing machinery and equipment, including  
17 repair and replacement parts, both new and used, including that  
18 manufactured on special order, certified by the purchaser to be  
19 used primarily for photoprocessing, and including  
20 photoprocessing machinery and equipment purchased for lease.

21 (16) Coal and aggregate exploration, mining, off-highway  
22 hauling, processing, maintenance, and reclamation equipment,  
23 including replacement parts and equipment, and including  
24 equipment purchased for lease, but excluding motor vehicles  
25 required to be registered under the Illinois Vehicle Code. The  
26 changes made to this Section by Public Act 97-767 apply on and

1 after July 1, 2003, but no claim for credit or refund is  
2 allowed on or after August 16, 2013 (the effective date of  
3 Public Act 98-456) for such taxes paid during the period  
4 beginning July 1, 2003 and ending on August 16, 2013 (the  
5 effective date of Public Act 98-456).

6 (17) Until July 1, 2003, distillation machinery and  
7 equipment, sold as a unit or kit, assembled or installed by the  
8 retailer, certified by the user to be used only for the  
9 production of ethyl alcohol that will be used for consumption  
10 as motor fuel or as a component of motor fuel for the personal  
11 use of the user, and not subject to sale or resale.

12 (18) Manufacturing and assembling machinery and equipment  
13 used primarily in the process of manufacturing or assembling  
14 tangible personal property for wholesale or retail sale or  
15 lease, whether that sale or lease is made directly by the  
16 manufacturer or by some other person, whether the materials  
17 used in the process are owned by the manufacturer or some other  
18 person, or whether that sale or lease is made apart from or as  
19 an incident to the seller's engaging in the service occupation  
20 of producing machines, tools, dies, jigs, patterns, gauges, or  
21 other similar items of no commercial value on special order for  
22 a particular purchaser. The exemption provided by this  
23 paragraph (18) does not include machinery and equipment used in  
24 (i) the generation of electricity for wholesale or retail sale;  
25 (ii) the generation or treatment of natural or artificial gas  
26 for wholesale or retail sale that is delivered to customers

1 through pipes, pipelines, or mains; or (iii) the treatment of  
2 water for wholesale or retail sale that is delivered to  
3 customers through pipes, pipelines, or mains. The provisions of  
4 Public Act 98-583 are declaratory of existing law as to the  
5 meaning and scope of this exemption. Beginning on July 1, 2017,  
6 the exemption provided by this paragraph (18) includes, but is  
7 not limited to, graphic arts machinery and equipment, as  
8 defined in paragraph (6) of this Section.

9 (19) Personal property delivered to a purchaser or  
10 purchaser's donee inside Illinois when the purchase order for  
11 that personal property was received by a florist located  
12 outside Illinois who has a florist located inside Illinois  
13 deliver the personal property.

14 (20) Semen used for artificial insemination of livestock  
15 for direct agricultural production.

16 (21) Horses, or interests in horses, registered with and  
17 meeting the requirements of any of the Arabian Horse Club  
18 Registry of America, Appaloosa Horse Club, American Quarter  
19 Horse Association, United States Trotting Association, or  
20 Jockey Club, as appropriate, used for purposes of breeding or  
21 racing for prizes. This item (21) is exempt from the provisions  
22 of Section 3-90, and the exemption provided for under this item  
23 (21) applies for all periods beginning May 30, 1995, but no  
24 claim for credit or refund is allowed on or after January 1,  
25 2008 for such taxes paid during the period beginning May 30,  
26 2000 and ending on January 1, 2008.

1           (22) Computers and communications equipment utilized for  
2 any hospital purpose and equipment used in the diagnosis,  
3 analysis, or treatment of hospital patients purchased by a  
4 lessor who leases the equipment, under a lease of one year or  
5 longer executed or in effect at the time the lessor would  
6 otherwise be subject to the tax imposed by this Act, to a  
7 hospital that has been issued an active tax exemption  
8 identification number by the Department under Section 1g of the  
9 Retailers' Occupation Tax Act. If the equipment is leased in a  
10 manner that does not qualify for this exemption or is used in  
11 any other non-exempt manner, the lessor shall be liable for the  
12 tax imposed under this Act or the Service Use Tax Act, as the  
13 case may be, based on the fair market value of the property at  
14 the time the non-qualifying use occurs. No lessor shall collect  
15 or attempt to collect an amount (however designated) that  
16 purports to reimburse that lessor for the tax imposed by this  
17 Act or the Service Use Tax Act, as the case may be, if the tax  
18 has not been paid by the lessor. If a lessor improperly  
19 collects any such amount from the lessee, the lessee shall have  
20 a legal right to claim a refund of that amount from the lessor.  
21 If, however, that amount is not refunded to the lessee for any  
22 reason, the lessor is liable to pay that amount to the  
23 Department.

24           (23) Personal property purchased by a lessor who leases the  
25 property, under a lease of one year or longer executed or in  
26 effect at the time the lessor would otherwise be subject to the

1 tax imposed by this Act, to a governmental body that has been  
2 issued an active sales tax exemption identification number by  
3 the Department under Section 1g of the Retailers' Occupation  
4 Tax Act. If the property is leased in a manner that does not  
5 qualify for this exemption or used in any other non-exempt  
6 manner, the lessor shall be liable for the tax imposed under  
7 this Act or the Service Use Tax Act, as the case may be, based  
8 on the fair market value of the property at the time the  
9 non-qualifying use occurs. No lessor shall collect or attempt  
10 to collect an amount (however designated) that purports to  
11 reimburse that lessor for the tax imposed by this Act or the  
12 Service Use Tax Act, as the case may be, if the tax has not been  
13 paid by the lessor. If a lessor improperly collects any such  
14 amount from the lessee, the lessee shall have a legal right to  
15 claim a refund of that amount from the lessor. If, however,  
16 that amount is not refunded to the lessee for any reason, the  
17 lessor is liable to pay that amount to the Department.

18 (24) Beginning with taxable years ending on or after  
19 December 31, 1995 and ending with taxable years ending on or  
20 before December 31, 2004, personal property that is donated for  
21 disaster relief to be used in a State or federally declared  
22 disaster area in Illinois or bordering Illinois by a  
23 manufacturer or retailer that is registered in this State to a  
24 corporation, society, association, foundation, or institution  
25 that has been issued a sales tax exemption identification  
26 number by the Department that assists victims of the disaster

1 who reside within the declared disaster area.

2 (25) Beginning with taxable years ending on or after  
3 December 31, 1995 and ending with taxable years ending on or  
4 before December 31, 2004, personal property that is used in the  
5 performance of infrastructure repairs in this State, including  
6 but not limited to municipal roads and streets, access roads,  
7 bridges, sidewalks, waste disposal systems, water and sewer  
8 line extensions, water distribution and purification  
9 facilities, storm water drainage and retention facilities, and  
10 sewage treatment facilities, resulting from a State or  
11 federally declared disaster in Illinois or bordering Illinois  
12 when such repairs are initiated on facilities located in the  
13 declared disaster area within 6 months after the disaster.

14 (26) Beginning July 1, 1999, game or game birds purchased  
15 at a "game breeding and hunting preserve area" as that term is  
16 used in the Wildlife Code. This paragraph is exempt from the  
17 provisions of Section 3-90.

18 (27) A motor vehicle, as that term is defined in Section  
19 1-146 of the Illinois Vehicle Code, that is donated to a  
20 corporation, limited liability company, society, association,  
21 foundation, or institution that is determined by the Department  
22 to be organized and operated exclusively for educational  
23 purposes. For purposes of this exemption, "a corporation,  
24 limited liability company, society, association, foundation,  
25 or institution organized and operated exclusively for  
26 educational purposes" means all tax-supported public schools,

1 private schools that offer systematic instruction in useful  
2 branches of learning by methods common to public schools and  
3 that compare favorably in their scope and intensity with the  
4 course of study presented in tax-supported schools, and  
5 vocational or technical schools or institutes organized and  
6 operated exclusively to provide a course of study of not less  
7 than 6 weeks duration and designed to prepare individuals to  
8 follow a trade or to pursue a manual, technical, mechanical,  
9 industrial, business, or commercial occupation.

10 (28) Beginning January 1, 2000, personal property,  
11 including food, purchased through fundraising events for the  
12 benefit of a public or private elementary or secondary school,  
13 a group of those schools, or one or more school districts if  
14 the events are sponsored by an entity recognized by the school  
15 district that consists primarily of volunteers and includes  
16 parents and teachers of the school children. This paragraph  
17 does not apply to fundraising events (i) for the benefit of  
18 private home instruction or (ii) for which the fundraising  
19 entity purchases the personal property sold at the events from  
20 another individual or entity that sold the property for the  
21 purpose of resale by the fundraising entity and that profits  
22 from the sale to the fundraising entity. This paragraph is  
23 exempt from the provisions of Section 3-90.

24 (29) Beginning January 1, 2000 and through December 31,  
25 2001, new or used automatic vending machines that prepare and  
26 serve hot food and beverages, including coffee, soup, and other

1 items, and replacement parts for these machines. Beginning  
2 January 1, 2002 and through June 30, 2003, machines and parts  
3 for machines used in commercial, coin-operated amusement and  
4 vending business if a use or occupation tax is paid on the  
5 gross receipts derived from the use of the commercial,  
6 coin-operated amusement and vending machines. This paragraph  
7 is exempt from the provisions of Section 3-90.

8 (30) Beginning January 1, 2001 and through June 30, 2016,  
9 food for human consumption that is to be consumed off the  
10 premises where it is sold (other than alcoholic beverages, soft  
11 drinks, and food that has been prepared for immediate  
12 consumption) and prescription and nonprescription medicines,  
13 drugs, medical appliances, and insulin, urine testing  
14 materials, syringes, and needles used by diabetics, for human  
15 use, when purchased for use by a person receiving medical  
16 assistance under Article V of the Illinois Public Aid Code who  
17 resides in a licensed long-term care facility, as defined in  
18 the Nursing Home Care Act, or in a licensed facility as defined  
19 in the ID/DD Community Care Act, the MC/DD Act, or the  
20 Specialized Mental Health Rehabilitation Act of 2013.

21 (31) Beginning on the effective date of this amendatory Act  
22 of the 92nd General Assembly, computers and communications  
23 equipment utilized for any hospital purpose and equipment used  
24 in the diagnosis, analysis, or treatment of hospital patients  
25 purchased by a lessor who leases the equipment, under a lease  
26 of one year or longer executed or in effect at the time the



1 lessor would otherwise be subject to the tax imposed by this  
2 Act, to a hospital that has been issued an active tax exemption  
3 identification number by the Department under Section 1g of the  
4 Retailers' Occupation Tax Act. If the equipment is leased in a  
5 manner that does not qualify for this exemption or is used in  
6 any other nonexempt manner, the lessor shall be liable for the  
7 tax imposed under this Act or the Service Use Tax Act, as the  
8 case may be, based on the fair market value of the property at  
9 the time the nonqualifying use occurs. No lessor shall collect  
10 or attempt to collect an amount (however designated) that  
11 purports to reimburse that lessor for the tax imposed by this  
12 Act or the Service Use Tax Act, as the case may be, if the tax  
13 has not been paid by the lessor. If a lessor improperly  
14 collects any such amount from the lessee, the lessee shall have  
15 a legal right to claim a refund of that amount from the lessor.  
16 If, however, that amount is not refunded to the lessee for any  
17 reason, the lessor is liable to pay that amount to the  
18 Department. This paragraph is exempt from the provisions of  
19 Section 3-90.

20 (32) Beginning on the effective date of this amendatory Act  
21 of the 92nd General Assembly, personal property purchased by a  
22 lessor who leases the property, under a lease of one year or  
23 longer executed or in effect at the time the lessor would  
24 otherwise be subject to the tax imposed by this Act, to a  
25 governmental body that has been issued an active sales tax  
26 exemption identification number by the Department under

1 Section 1g of the Retailers' Occupation Tax Act. If the  
2 property is leased in a manner that does not qualify for this  
3 exemption or used in any other nonexempt manner, the lessor  
4 shall be liable for the tax imposed under this Act or the  
5 Service Use Tax Act, as the case may be, based on the fair  
6 market value of the property at the time the nonqualifying use  
7 occurs. No lessor shall collect or attempt to collect an amount  
8 (however designated) that purports to reimburse that lessor for  
9 the tax imposed by this Act or the Service Use Tax Act, as the  
10 case may be, if the tax has not been paid by the lessor. If a  
11 lessor improperly collects any such amount from the lessee, the  
12 lessee shall have a legal right to claim a refund of that  
13 amount from the lessor. If, however, that amount is not  
14 refunded to the lessee for any reason, the lessor is liable to  
15 pay that amount to the Department. This paragraph is exempt  
16 from the provisions of Section 3-90.

17 (33) On and after July 1, 2003 and through June 30, 2004,  
18 the use in this State of motor vehicles of the second division  
19 with a gross vehicle weight in excess of 8,000 pounds and that  
20 are subject to the commercial distribution fee imposed under  
21 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July  
22 1, 2004 and through June 30, 2005, the use in this State of  
23 motor vehicles of the second division: (i) with a gross vehicle  
24 weight rating in excess of 8,000 pounds; (ii) that are subject  
25 to the commercial distribution fee imposed under Section  
26 3-815.1 of the Illinois Vehicle Code; and (iii) that are

1 primarily used for commercial purposes. Through June 30, 2005,  
2 this exemption applies to repair and replacement parts added  
3 after the initial purchase of such a motor vehicle if that  
4 motor vehicle is used in a manner that would qualify for the  
5 rolling stock exemption otherwise provided for in this Act. For  
6 purposes of this paragraph, the term "used for commercial  
7 purposes" means the transportation of persons or property in  
8 furtherance of any commercial or industrial enterprise,  
9 whether for-hire or not.

10 (34) Beginning January 1, 2008, tangible personal property  
11 used in the construction or maintenance of a community water  
12 supply, as defined under Section 3.145 of the Environmental  
13 Protection Act, that is operated by a not-for-profit  
14 corporation that holds a valid water supply permit issued under  
15 Title IV of the Environmental Protection Act. This paragraph is  
16 exempt from the provisions of Section 3-90.

17 (35) Beginning January 1, 2010, materials, parts,  
18 equipment, components, and furnishings incorporated into or  
19 upon an aircraft as part of the modification, refurbishment,  
20 completion, replacement, repair, or maintenance of the  
21 aircraft. This exemption includes consumable supplies used in  
22 the modification, refurbishment, completion, replacement,  
23 repair, and maintenance of aircraft, but excludes any  
24 materials, parts, equipment, components, and consumable  
25 supplies used in the modification, replacement, repair, and  
26 maintenance of aircraft engines or power plants, whether such

1 engines or power plants are installed or uninstalled upon any  
2 such aircraft. "Consumable supplies" include, but are not  
3 limited to, adhesive, tape, sandpaper, general purpose  
4 lubricants, cleaning solution, latex gloves, and protective  
5 films. This exemption applies only to the use of qualifying  
6 tangible personal property by persons who modify, refurbish,  
7 complete, repair, replace, or maintain aircraft and who (i)  
8 hold an Air Agency Certificate and are empowered to operate an  
9 approved repair station by the Federal Aviation  
10 Administration, (ii) have a Class IV Rating, and (iii) conduct  
11 operations in accordance with Part 145 of the Federal Aviation  
12 Regulations. The exemption does not include aircraft operated  
13 by a commercial air carrier providing scheduled passenger air  
14 service pursuant to authority issued under Part 121 or Part 129  
15 of the Federal Aviation Regulations. The changes made to this  
16 paragraph (35) by Public Act 98-534 are declarative of existing  
17 law.

18 (36) Tangible personal property purchased by a  
19 public-facilities corporation, as described in Section  
20 11-65-10 of the Illinois Municipal Code, for purposes of  
21 constructing or furnishing a municipal convention hall, but  
22 only if the legal title to the municipal convention hall is  
23 transferred to the municipality without any further  
24 consideration by or on behalf of the municipality at the time  
25 of the completion of the municipal convention hall or upon the  
26 retirement or redemption of any bonds or other debt instruments

1 issued by the public-facilities corporation in connection with  
2 the development of the municipal convention hall. This  
3 exemption includes existing public-facilities corporations as  
4 provided in Section 11-65-25 of the Illinois Municipal Code.  
5 This paragraph is exempt from the provisions of Section 3-90.

6 (37) Beginning January 1, 2017, menstrual pads, tampons,  
7 and menstrual cups.

8 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
9 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.  
10 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.  
11 7-29-15; 99-855, eff. 8-19-16.)

12 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

13 Sec. 3-50. Manufacturing and assembly exemption. The  
14 manufacturing and assembling machinery and equipment exemption  
15 includes machinery and equipment that replaces machinery and  
16 equipment in an existing manufacturing facility as well as  
17 machinery and equipment that are for use in an expanded or new  
18 manufacturing facility. The machinery and equipment exemption  
19 also includes machinery and equipment used in the general  
20 maintenance or repair of exempt machinery and equipment or for  
21 in-house manufacture of exempt machinery and equipment.  
22 Beginning on July 1, 2017, the manufacturing and assembling  
23 machinery and equipment exemption also includes graphic arts  
24 machinery and equipment, as defined in paragraph (6) of Section  
25 3-5. The machinery and equipment exemption does not include

1 machinery and equipment used in (i) the generation of  
2 electricity for wholesale or retail sale; (ii) the generation  
3 or treatment of natural or artificial gas for wholesale or  
4 retail sale that is delivered to customers through pipes,  
5 pipelines, or mains; or (iii) the treatment of water for  
6 wholesale or retail sale that is delivered to customers through  
7 pipes, pipelines, or mains. The provisions of this amendatory  
8 Act of the 98th General Assembly are declaratory of existing  
9 law as to the meaning and scope of this exemption. For the  
10 purposes of this exemption, terms have the following meanings:

11 (1) "Manufacturing process" means the production of an  
12 article of tangible personal property, whether the article  
13 is a finished product or an article for use in the process  
14 of manufacturing or assembling a different article of  
15 tangible personal property, by a procedure commonly  
16 regarded as manufacturing, processing, fabricating, or  
17 refining that changes some existing material into a  
18 material with a different form, use, or name. In relation  
19 to a recognized integrated business composed of a series of  
20 operations that collectively constitute manufacturing, or  
21 individually constitute manufacturing operations, the  
22 manufacturing process commences with the first operation  
23 or stage of production in the series and does not end until  
24 the completion of the final product in the last operation  
25 or stage of production in the series. For purposes of this  
26 exemption, photoprocessing is a manufacturing process of

1 tangible personal property for wholesale or retail sale.

2 (2) "Assembling process" means the production of an  
3 article of tangible personal property, whether the article  
4 is a finished product or an article for use in the process  
5 of manufacturing or assembling a different article of  
6 tangible personal property, by the combination of existing  
7 materials in a manner commonly regarded as assembling that  
8 results in an article or material of a different form, use,  
9 or name.

10 (3) "Machinery" means major mechanical machines or  
11 major components of those machines contributing to a  
12 manufacturing or assembling process.

13 (4) "Equipment" includes an independent device or tool  
14 separate from machinery but essential to an integrated  
15 manufacturing or assembly process; including computers  
16 used primarily in a manufacturer's computer assisted  
17 design, computer assisted manufacturing (CAD/CAM) system;  
18 any subunit or assembly comprising a component of any  
19 machinery or auxiliary, adjunct, or attachment parts of  
20 machinery, such as tools, dies, jigs, fixtures, patterns,  
21 and molds; and any parts that require periodic replacement  
22 in the course of normal operation; but does not include  
23 hand tools. Equipment includes chemicals or chemicals  
24 acting as catalysts but only if the chemicals or chemicals  
25 acting as catalysts effect a direct and immediate change  
26 upon a product being manufactured or assembled for

1 wholesale or retail sale or lease.

2 (5) "Production related tangible personal property"  
3 means all tangible personal property that is used or  
4 consumed by the purchaser in a manufacturing facility in  
5 which a manufacturing process takes place and includes,  
6 without limitation, tangible personal property that is  
7 purchased for incorporation into real estate within a  
8 manufacturing facility and tangible personal property that  
9 is used or consumed in activities such as research and  
10 development, preproduction material handling, receiving,  
11 quality control, inventory control, storage, staging, and  
12 packaging for shipping and transportation purposes.  
13 "Production related tangible personal property" does not  
14 include (i) tangible personal property that is used, within  
15 or without a manufacturing facility, in sales, purchasing,  
16 accounting, fiscal management, marketing, personnel  
17 recruitment or selection, or landscaping or (ii) tangible  
18 personal property that is required to be titled or  
19 registered with a department, agency, or unit of federal,  
20 State, or local government.

21 The manufacturing and assembling machinery and equipment  
22 exemption includes production related tangible personal  
23 property that is purchased on or after July 1, 2007 and on or  
24 before June 30, 2008. The exemption for production related  
25 tangible personal property is subject to both of the following  
26 limitations:



1           (1) The maximum amount of the exemption for any one  
2 taxpayer may not exceed 5% of the purchase price of  
3 production related tangible personal property that is  
4 purchased on or after July 1, 2007 and on or before June  
5 30, 2008. A credit under Section 3-85 of this Act may not  
6 be earned by the purchase of production related tangible  
7 personal property for which an exemption is received under  
8 this Section.

9           (2) The maximum aggregate amount of the exemptions for  
10 production related tangible personal property awarded  
11 under this Act and the Retailers' Occupation Tax Act to all  
12 taxpayers may not exceed \$10,000,000. If the claims for the  
13 exemption exceed \$10,000,000, then the Department shall  
14 reduce the amount of the exemption to each taxpayer on a  
15 pro rata basis.

16 The Department may adopt rules to implement and administer the  
17 exemption for production related tangible personal property.

18           The manufacturing and assembling machinery and equipment  
19 exemption includes the sale of materials to a purchaser who  
20 produces exempted types of machinery, equipment, or tools and  
21 who rents or leases that machinery, equipment, or tools to a  
22 manufacturer of tangible personal property. This exemption  
23 also includes the sale of materials to a purchaser who  
24 manufactures those materials into an exempted type of  
25 machinery, equipment, or tools that the purchaser uses himself  
26 or herself in the manufacturing of tangible personal property.

1 This exemption includes the sale of exempted types of machinery  
2 or equipment to a purchaser who is not the manufacturer, but  
3 who rents or leases the use of the property to a manufacturer.  
4 The purchaser of the machinery and equipment who has an active  
5 resale registration number shall furnish that number to the  
6 seller at the time of purchase. A user of the machinery,  
7 equipment, or tools without an active resale registration  
8 number shall prepare a certificate of exemption for each  
9 transaction stating facts establishing the exemption for that  
10 transaction, and that certificate shall be available to the  
11 Department for inspection or audit. The Department shall  
12 prescribe the form of the certificate. Informal rulings,  
13 opinions, or letters issued by the Department in response to an  
14 inquiry or request for an opinion from any person regarding the  
15 coverage and applicability of this exemption to specific  
16 devices shall be published, maintained as a public record, and  
17 made available for public inspection and copying. If the  
18 informal ruling, opinion, or letter contains trade secrets or  
19 other confidential information, where possible, the Department  
20 shall delete that information before publication. Whenever  
21 informal rulings, opinions, or letters contain a policy of  
22 general applicability, the Department shall formulate and  
23 adopt that policy as a rule in accordance with the Illinois  
24 Administrative Procedure Act.

25 The manufacturing and assembling machinery and equipment  
26 exemption is exempt from the provisions of Section 3-90.

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

2 Section 35-10. The Service Use Tax Act is amended by  
3 changing Sections 2 and 3-5 as follows:

4 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

5 Sec. 2. Definitions.

6 "Use" means the exercise by any person of any right or  
7 power over tangible personal property incident to the ownership  
8 of that property, but does not include the sale or use for  
9 demonstration by him of that property in any form as tangible  
10 personal property in the regular course of business. "Use" does  
11 not mean the interim use of tangible personal property nor the  
12 physical incorporation of tangible personal property, as an  
13 ingredient or constituent, into other tangible personal  
14 property, (a) which is sold in the regular course of business  
15 or (b) which the person incorporating such ingredient or  
16 constituent therein has undertaken at the time of such purchase  
17 to cause to be transported in interstate commerce to  
18 destinations outside the State of Illinois.

19 "Purchased from a serviceman" means the acquisition of the  
20 ownership of, or title to, tangible personal property through a  
21 sale of service.

22 "Purchaser" means any person who, through a sale of  
23 service, acquires the ownership of, or title to, any tangible  
24 personal property.

1 "Cost price" means the consideration paid by the serviceman  
2 for a purchase valued in money, whether paid in money or  
3 otherwise, including cash, credits and services, and shall be  
4 determined without any deduction on account of the supplier's  
5 cost of the property sold or on account of any other expense  
6 incurred by the supplier. When a serviceman contracts out part  
7 or all of the services required in his sale of service, it  
8 shall be presumed that the cost price to the serviceman of the  
9 property transferred to him or her by his or her subcontractor  
10 is equal to 50% of the subcontractor's charges to the  
11 serviceman in the absence of proof of the consideration paid by  
12 the subcontractor for the purchase of such property.

13 "Selling price" means the consideration for a sale valued  
14 in money whether received in money or otherwise, including  
15 cash, credits and service, and shall be determined without any  
16 deduction on account of the serviceman's cost of the property  
17 sold, the cost of materials used, labor or service cost or any  
18 other expense whatsoever, but does not include interest or  
19 finance charges which appear as separate items on the bill of  
20 sale or sales contract nor charges that are added to prices by  
21 sellers on account of the seller's duty to collect, from the  
22 purchaser, the tax that is imposed by this Act.

23 "Department" means the Department of Revenue.

24 "Person" means any natural individual, firm, partnership,  
25 association, joint stock company, joint venture, public or  
26 private corporation, limited liability company, and any

1 receiver, executor, trustee, guardian or other representative  
2 appointed by order of any court.

3 "Sale of service" means any transaction except:

4 (1) a retail sale of tangible personal property taxable  
5 under the Retailers' Occupation Tax Act or under the Use  
6 Tax Act.

7 (2) a sale of tangible personal property for the  
8 purpose of resale made in compliance with Section 2c of the  
9 Retailers' Occupation Tax Act.

10 (3) except as hereinafter provided, a sale or transfer  
11 of tangible personal property as an incident to the  
12 rendering of service for or by any governmental body, or  
13 for or by any corporation, society, association,  
14 foundation or institution organized and operated  
15 exclusively for charitable, religious or educational  
16 purposes or any not-for-profit corporation, society,  
17 association, foundation, institution or organization which  
18 has no compensated officers or employees and which is  
19 organized and operated primarily for the recreation of  
20 persons 55 years of age or older. A limited liability  
21 company may qualify for the exemption under this paragraph  
22 only if the limited liability company is organized and  
23 operated exclusively for educational purposes.

24 (4) a sale or transfer of tangible personal property as  
25 an incident to the rendering of service for interstate  
26 carriers for hire for use as rolling stock moving in

1 interstate commerce or by lessors under a lease of one year  
2 or longer, executed or in effect at the time of purchase of  
3 personal property, to interstate carriers for hire for use  
4 as rolling stock moving in interstate commerce so long as  
5 so used by such interstate carriers for hire, and equipment  
6 operated by a telecommunications provider, licensed as a  
7 common carrier by the Federal Communications Commission,  
8 which is permanently installed in or affixed to aircraft  
9 moving in interstate commerce.

10 (4a) a sale or transfer of tangible personal property  
11 as an incident to the rendering of service for owners,  
12 lessors, or shippers of tangible personal property which is  
13 utilized by interstate carriers for hire for use as rolling  
14 stock moving in interstate commerce so long as so used by  
15 interstate carriers for hire, and equipment operated by a  
16 telecommunications provider, licensed as a common carrier  
17 by the Federal Communications Commission, which is  
18 permanently installed in or affixed to aircraft moving in  
19 interstate commerce.

20 (4a-5) on and after July 1, 2003 and through June 30,  
21 2004, a sale or transfer of a motor vehicle of the second  
22 division with a gross vehicle weight in excess of 8,000  
23 pounds as an incident to the rendering of service if that  
24 motor vehicle is subject to the commercial distribution fee  
25 imposed under Section 3-815.1 of the Illinois Vehicle Code.  
26 Beginning on July 1, 2004 and through June 30, 2005, the

1 use in this State of motor vehicles of the second division:  
2 (i) with a gross vehicle weight rating in excess of 8,000  
3 pounds; (ii) that are subject to the commercial  
4 distribution fee imposed under Section 3-815.1 of the  
5 Illinois Vehicle Code; and (iii) that are primarily used  
6 for commercial purposes. Through June 30, 2005, this  
7 exemption applies to repair and replacement parts added  
8 after the initial purchase of such a motor vehicle if that  
9 motor vehicle is used in a manner that would qualify for  
10 the rolling stock exemption otherwise provided for in this  
11 Act. For purposes of this paragraph, "used for commercial  
12 purposes" means the transportation of persons or property  
13 in furtherance of any commercial or industrial enterprise  
14 whether for-hire or not.

15 (5) a sale or transfer of machinery and equipment used  
16 primarily in the process of the manufacturing or  
17 assembling, either in an existing, an expanded or a new  
18 manufacturing facility, of tangible personal property for  
19 wholesale or retail sale or lease, whether such sale or  
20 lease is made directly by the manufacturer or by some other  
21 person, whether the materials used in the process are owned  
22 by the manufacturer or some other person, or whether such  
23 sale or lease is made apart from or as an incident to the  
24 seller's engaging in a service occupation and the  
25 applicable tax is a Service Use Tax or Service Occupation  
26 Tax, rather than Use Tax or Retailers' Occupation Tax. The

1 exemption provided by this paragraph (5) does not include  
2 machinery and equipment used in (i) the generation of  
3 electricity for wholesale or retail sale; (ii) the  
4 generation or treatment of natural or artificial gas for  
5 wholesale or retail sale that is delivered to customers  
6 through pipes, pipelines, or mains; or (iii) the treatment  
7 of water for wholesale or retail sale that is delivered to  
8 customers through pipes, pipelines, or mains. The  
9 provisions of this amendatory Act of the 98th General  
10 Assembly are declaratory of existing law as to the meaning  
11 and scope of this exemption. The exemption under this  
12 paragraph (5) is exempt from the provisions of Section  
13 3-75.

14 (5a) the repairing, reconditioning or remodeling, for  
15 a common carrier by rail, of tangible personal property  
16 which belongs to such carrier for hire, and as to which  
17 such carrier receives the physical possession of the  
18 repaired, reconditioned or remodeled item of tangible  
19 personal property in Illinois, and which such carrier  
20 transports, or shares with another common carrier in the  
21 transportation of such property, out of Illinois on a  
22 standard uniform bill of lading showing the person who  
23 repaired, reconditioned or remodeled the property to a  
24 destination outside Illinois, for use outside Illinois.

25 (5b) a sale or transfer of tangible personal property  
26 which is produced by the seller thereof on special order in



1 such a way as to have made the applicable tax the Service  
2 Occupation Tax or the Service Use Tax, rather than the  
3 Retailers' Occupation Tax or the Use Tax, for an interstate  
4 carrier by rail which receives the physical possession of  
5 such property in Illinois, and which transports such  
6 property, or shares with another common carrier in the  
7 transportation of such property, out of Illinois on a  
8 standard uniform bill of lading showing the seller of the  
9 property as the shipper or consignor of such property to a  
10 destination outside Illinois, for use outside Illinois.

11 (6) until July 1, 2003, a sale or transfer of  
12 distillation machinery and equipment, sold as a unit or kit  
13 and assembled or installed by the retailer, which machinery  
14 and equipment is certified by the user to be used only for  
15 the production of ethyl alcohol that will be used for  
16 consumption as motor fuel or as a component of motor fuel  
17 for the personal use of such user and not subject to sale  
18 or resale.

19 (7) at the election of any serviceman not required to  
20 be otherwise registered as a retailer under Section 2a of  
21 the Retailers' Occupation Tax Act, made for each fiscal  
22 year sales of service in which the aggregate annual cost  
23 price of tangible personal property transferred as an  
24 incident to the sales of service is less than 35%, or 75%  
25 in the case of servicemen transferring prescription drugs  
26 or servicemen engaged in graphic arts production, of the

1 aggregate annual total gross receipts from all sales of  
2 service. The purchase of such tangible personal property by  
3 the serviceman shall be subject to tax under the Retailers'  
4 Occupation Tax Act and the Use Tax Act. However, if a  
5 primary serviceman who has made the election described in  
6 this paragraph subcontracts service work to a secondary  
7 serviceman who has also made the election described in this  
8 paragraph, the primary serviceman does not incur a Use Tax  
9 liability if the secondary serviceman (i) has paid or will  
10 pay Use Tax on his or her cost price of any tangible  
11 personal property transferred to the primary serviceman  
12 and (ii) certifies that fact in writing to the primary  
13 serviceman.

14 Tangible personal property transferred incident to the  
15 completion of a maintenance agreement is exempt from the tax  
16 imposed pursuant to this Act.

17 Exemption (5) also includes machinery and equipment used in  
18 the general maintenance or repair of such exempt machinery and  
19 equipment or for in-house manufacture of exempt machinery and  
20 equipment. On and after July 1, 2017, exemption (5) also  
21 includes graphic arts machinery and equipment, as defined in  
22 paragraph (5) of Section 3-5. The machinery and equipment  
23 exemption does not include machinery and equipment used in (i)  
24 the generation of electricity for wholesale or retail sale;  
25 (ii) the generation or treatment of natural or artificial gas  
26 for wholesale or retail sale that is delivered to customers

1 through pipes, pipelines, or mains; or (iii) the treatment of  
2 water for wholesale or retail sale that is delivered to  
3 customers through pipes, pipelines, or mains. The provisions of  
4 this amendatory Act of the 98th General Assembly are  
5 declaratory of existing law as to the meaning and scope of this  
6 exemption. For the purposes of exemption (5), each of these  
7 terms shall have the following meanings: (1) "manufacturing  
8 process" shall mean the production of any article of tangible  
9 personal property, whether such article is a finished product  
10 or an article for use in the process of manufacturing or  
11 assembling a different article of tangible personal property,  
12 by procedures commonly regarded as manufacturing, processing,  
13 fabricating, or refining which changes some existing material  
14 or materials into a material with a different form, use or  
15 name. In relation to a recognized integrated business composed  
16 of a series of operations which collectively constitute  
17 manufacturing, or individually constitute manufacturing  
18 operations, the manufacturing process shall be deemed to  
19 commence with the first operation or stage of production in the  
20 series, and shall not be deemed to end until the completion of  
21 the final product in the last operation or stage of production  
22 in the series; and further, for purposes of exemption (5),  
23 photoprocessing is deemed to be a manufacturing process of  
24 tangible personal property for wholesale or retail sale; (2)  
25 "assembling process" shall mean the production of any article  
26 of tangible personal property, whether such article is a

1 finished product or an article for use in the process of  
2 manufacturing or assembling a different article of tangible  
3 personal property, by the combination of existing materials in  
4 a manner commonly regarded as assembling which results in a  
5 material of a different form, use or name; (3) "machinery"  
6 shall mean major mechanical machines or major components of  
7 such machines contributing to a manufacturing or assembling  
8 process; and (4) "equipment" shall include any independent  
9 device or tool separate from any machinery but essential to an  
10 integrated manufacturing or assembly process; including  
11 computers used primarily in a manufacturer's computer assisted  
12 design, computer assisted manufacturing (CAD/CAM) system; or  
13 any subunit or assembly comprising a component of any machinery  
14 or auxiliary, adjunct or attachment parts of machinery, such as  
15 tools, dies, jigs, fixtures, patterns and molds; or any parts  
16 which require periodic replacement in the course of normal  
17 operation; but shall not include hand tools. Equipment includes  
18 chemicals or chemicals acting as catalysts but only if the  
19 chemicals or chemicals acting as catalysts effect a direct and  
20 immediate change upon a product being manufactured or assembled  
21 for wholesale or retail sale or lease. The purchaser of such  
22 machinery and equipment who has an active resale registration  
23 number shall furnish such number to the seller at the time of  
24 purchase. The user of such machinery and equipment and tools  
25 without an active resale registration number shall prepare a  
26 certificate of exemption for each transaction stating facts

1 establishing the exemption for that transaction, which  
2 certificate shall be available to the Department for inspection  
3 or audit. The Department shall prescribe the form of the  
4 certificate.

5 Any informal rulings, opinions or letters issued by the  
6 Department in response to an inquiry or request for any opinion  
7 from any person regarding the coverage and applicability of  
8 exemption (5) to specific devices shall be published,  
9 maintained as a public record, and made available for public  
10 inspection and copying. If the informal ruling, opinion or  
11 letter contains trade secrets or other confidential  
12 information, where possible the Department shall delete such  
13 information prior to publication. Whenever such informal  
14 rulings, opinions, or letters contain any policy of general  
15 applicability, the Department shall formulate and adopt such  
16 policy as a rule in accordance with the provisions of the  
17 Illinois Administrative Procedure Act.

18 On and after July 1, 1987, no entity otherwise eligible  
19 under exemption (3) of this Section shall make tax free  
20 purchases unless it has an active exemption identification  
21 number issued by the Department.

22 The purchase, employment and transfer of such tangible  
23 personal property as newsprint and ink for the primary purpose  
24 of conveying news (with or without other information) is not a  
25 purchase, use or sale of service or of tangible personal  
26 property within the meaning of this Act.

1 "Serviceman" means any person who is engaged in the  
2 occupation of making sales of service.

3 "Sale at retail" means "sale at retail" as defined in the  
4 Retailers' Occupation Tax Act.

5 "Supplier" means any person who makes sales of tangible  
6 personal property to servicemen for the purpose of resale as an  
7 incident to a sale of service.

8 "Serviceman maintaining a place of business in this State",  
9 or any like term, means and includes any serviceman:

10 1. having or maintaining within this State, directly or  
11 by a subsidiary, an office, distribution house, sales  
12 house, warehouse or other place of business, or any agent  
13 or other representative operating within this State under  
14 the authority of the serviceman or its subsidiary,  
15 irrespective of whether such place of business or agent or  
16 other representative is located here permanently or  
17 temporarily, or whether such serviceman or subsidiary is  
18 licensed to do business in this State;

19 1.1. having a contract with a person located in this  
20 State under which the person, for a commission or other  
21 consideration based on the sale of service by the  
22 serviceman, directly or indirectly refers potential  
23 customers to the serviceman by providing to the potential  
24 customers a promotional code or other mechanism that allows  
25 the serviceman to track purchases referred by such persons.  
26 Examples of mechanisms that allow the serviceman to track

1 purchases referred by such persons include but are not  
2 limited to the use of a link on the person's Internet  
3 website, promotional codes distributed through the  
4 person's hand-delivered or mailed material, and  
5 promotional codes distributed by the person through radio  
6 or other broadcast media. The provisions of this paragraph  
7 1.1 shall apply only if the cumulative gross receipts from  
8 sales of service by the serviceman to customers who are  
9 referred to the serviceman by all persons in this State  
10 under such contracts exceed \$10,000 during the preceding 4  
11 quarterly periods ending on the last day of March, June,  
12 September, and December; a serviceman meeting the  
13 requirements of this paragraph 1.1 shall be presumed to be  
14 maintaining a place of business in this State but may rebut  
15 this presumption by submitting proof that the referrals or  
16 other activities pursued within this State by such persons  
17 were not sufficient to meet the nexus standards of the  
18 United States Constitution during the preceding 4  
19 quarterly periods;

20 1.2. beginning July 1, 2011, having a contract with a  
21 person located in this State under which:

22 A. the serviceman sells the same or substantially  
23 similar line of services as the person located in this  
24 State and does so using an identical or substantially  
25 similar name, trade name, or trademark as the person  
26 located in this State; and

1           B. the serviceman provides a commission or other  
2           consideration to the person located in this State based  
3           upon the sale of services by the serviceman.

4           The provisions of this paragraph 1.2 shall apply only if  
5           the cumulative gross receipts from sales of service by the  
6           serviceman to customers in this State under all such  
7           contracts exceed \$10,000 during the preceding 4 quarterly  
8           periods ending on the last day of March, June, September,  
9           and December;

10           2. soliciting orders for tangible personal property by  
11           means of a telecommunication or television shopping system  
12           (which utilizes toll free numbers) which is intended by the  
13           retailer to be broadcast by cable television or other means  
14           of broadcasting, to consumers located in this State;

15           3. pursuant to a contract with a broadcaster or  
16           publisher located in this State, soliciting orders for  
17           tangible personal property by means of advertising which is  
18           disseminated primarily to consumers located in this State  
19           and only secondarily to bordering jurisdictions;

20           4. soliciting orders for tangible personal property by  
21           mail if the solicitations are substantial and recurring and  
22           if the retailer benefits from any banking, financing, debt  
23           collection, telecommunication, or marketing activities  
24           occurring in this State or benefits from the location in  
25           this State of authorized installation, servicing, or  
26           repair facilities;



1           5. being owned or controlled by the same interests  
2           which own or control any retailer engaging in business in  
3           the same or similar line of business in this State;

4           6. having a franchisee or licensee operating under its  
5           trade name if the franchisee or licensee is required to  
6           collect the tax under this Section;

7           7. pursuant to a contract with a cable television  
8           operator located in this State, soliciting orders for  
9           tangible personal property by means of advertising which is  
10          transmitted or distributed over a cable television system  
11          in this State; or

12          8. engaging in activities in Illinois, which  
13          activities in the state in which the supply business  
14          engaging in such activities is located would constitute  
15          maintaining a place of business in that state.

16          (Source: P.A. 98-583, eff. 1-1-14; 98-1089, eff. 1-1-15.)

17          (35 ILCS 110/3-5)

18          Sec. 3-5. Exemptions. Use of the following tangible  
19          personal property is exempt from the tax imposed by this Act:

20          (1) Personal property purchased from a corporation,  
21          society, association, foundation, institution, or  
22          organization, other than a limited liability company, that is  
23          organized and operated as a not-for-profit service enterprise  
24          for the benefit of persons 65 years of age or older if the  
25          personal property was not purchased by the enterprise for the

1 purpose of resale by the enterprise.

2 (2) Personal property purchased by a non-profit Illinois  
3 county fair association for use in conducting, operating, or  
4 promoting the county fair.

5 (3) Personal property purchased by a not-for-profit arts or  
6 cultural organization that establishes, by proof required by  
7 the Department by rule, that it has received an exemption under  
8 Section 501(c)(3) of the Internal Revenue Code and that is  
9 organized and operated primarily for the presentation or  
10 support of arts or cultural programming, activities, or  
11 services. These organizations include, but are not limited to,  
12 music and dramatic arts organizations such as symphony  
13 orchestras and theatrical groups, arts and cultural service  
14 organizations, local arts councils, visual arts organizations,  
15 and media arts organizations. On and after the effective date  
16 of this amendatory Act of the 92nd General Assembly, however,  
17 an entity otherwise eligible for this exemption shall not make  
18 tax-free purchases unless it has an active identification  
19 number issued by the Department.

20 (4) Legal tender, currency, medallions, or gold or silver  
21 coinage issued by the State of Illinois, the government of the  
22 United States of America, or the government of any foreign  
23 country, and bullion.

24 (5) Until July 1, 2003 and beginning again on September 1,  
25 2004 through August 30, 2014, graphic arts machinery and  
26 equipment, including repair and replacement parts, both new and

1 used, and including that manufactured on special order or  
2 purchased for lease, certified by the purchaser to be used  
3 primarily for graphic arts production. Equipment includes  
4 chemicals or chemicals acting as catalysts but only if the  
5 chemicals or chemicals acting as catalysts effect a direct and  
6 immediate change upon a graphic arts product. Beginning on July  
7 1, 2017, graphic arts machinery and equipment is included in  
8 the manufacturing and assembling machinery and equipment  
9 exemption under Section 2 of this Act.

10 (6) Personal property purchased from a teacher-sponsored  
11 student organization affiliated with an elementary or  
12 secondary school located in Illinois.

13 (7) Farm machinery and equipment, both new and used,  
14 including that manufactured on special order, certified by the  
15 purchaser to be used primarily for production agriculture or  
16 State or federal agricultural programs, including individual  
17 replacement parts for the machinery and equipment, including  
18 machinery and equipment purchased for lease, and including  
19 implements of husbandry defined in Section 1-130 of the  
20 Illinois Vehicle Code, farm machinery and agricultural  
21 chemical and fertilizer spreaders, and nurse wagons required to  
22 be registered under Section 3-809 of the Illinois Vehicle Code,  
23 but excluding other motor vehicles required to be registered  
24 under the Illinois Vehicle Code. Horticultural polyhouses or  
25 hoop houses used for propagating, growing, or overwintering  
26 plants shall be considered farm machinery and equipment under

1 this item (7). Agricultural chemical tender tanks and dry boxes  
2 shall include units sold separately from a motor vehicle  
3 required to be licensed and units sold mounted on a motor  
4 vehicle required to be licensed if the selling price of the  
5 tender is separately stated.

6 Farm machinery and equipment shall include precision  
7 farming equipment that is installed or purchased to be  
8 installed on farm machinery and equipment including, but not  
9 limited to, tractors, harvesters, sprayers, planters, seeders,  
10 or spreaders. Precision farming equipment includes, but is not  
11 limited to, soil testing sensors, computers, monitors,  
12 software, global positioning and mapping systems, and other  
13 such equipment.

14 Farm machinery and equipment also includes computers,  
15 sensors, software, and related equipment used primarily in the  
16 computer-assisted operation of production agriculture  
17 facilities, equipment, and activities such as, but not limited  
18 to, the collection, monitoring, and correlation of animal and  
19 crop data for the purpose of formulating animal diets and  
20 agricultural chemicals. This item (7) is exempt from the  
21 provisions of Section 3-75.

22 (8) Until June 30, 2013, fuel and petroleum products sold  
23 to or used by an air common carrier, certified by the carrier  
24 to be used for consumption, shipment, or storage in the conduct  
25 of its business as an air common carrier, for a flight destined  
26 for or returning from a location or locations outside the

1 United States without regard to previous or subsequent domestic  
2 stopovers.

3 Beginning July 1, 2013, fuel and petroleum products sold to  
4 or used by an air carrier, certified by the carrier to be used  
5 for consumption, shipment, or storage in the conduct of its  
6 business as an air common carrier, for a flight that (i) is  
7 engaged in foreign trade or is engaged in trade between the  
8 United States and any of its possessions and (ii) transports at  
9 least one individual or package for hire from the city of  
10 origination to the city of final destination on the same  
11 aircraft, without regard to a change in the flight number of  
12 that aircraft.

13 (9) Proceeds of mandatory service charges separately  
14 stated on customers' bills for the purchase and consumption of  
15 food and beverages acquired as an incident to the purchase of a  
16 service from a serviceman, to the extent that the proceeds of  
17 the service charge are in fact turned over as tips or as a  
18 substitute for tips to the employees who participate directly  
19 in preparing, serving, hosting or cleaning up the food or  
20 beverage function with respect to which the service charge is  
21 imposed.

22 (10) Until July 1, 2003, oil field exploration, drilling,  
23 and production equipment, including (i) rigs and parts of rigs,  
24 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and  
25 tubular goods, including casing and drill strings, (iii) pumps  
26 and pump-jack units, (iv) storage tanks and flow lines, (v) any

1 individual replacement part for oil field exploration,  
2 drilling, and production equipment, and (vi) machinery and  
3 equipment purchased for lease; but excluding motor vehicles  
4 required to be registered under the Illinois Vehicle Code.

5 (11) Proceeds from the sale of photoprocessing machinery  
6 and equipment, including repair and replacement parts, both new  
7 and used, including that manufactured on special order,  
8 certified by the purchaser to be used primarily for  
9 photoprocessing, and including photoprocessing machinery and  
10 equipment purchased for lease.

11 (12) Coal and aggregate exploration, mining, off-highway  
12 hauling, processing, maintenance, and reclamation equipment,  
13 including replacement parts and equipment, and including  
14 equipment purchased for lease, but excluding motor vehicles  
15 required to be registered under the Illinois Vehicle Code. The  
16 changes made to this Section by Public Act 97-767 apply on and  
17 after July 1, 2003, but no claim for credit or refund is  
18 allowed on or after August 16, 2013 (the effective date of  
19 Public Act 98-456) for such taxes paid during the period  
20 beginning July 1, 2003 and ending on August 16, 2013 (the  
21 effective date of Public Act 98-456).

22 (13) Semen used for artificial insemination of livestock  
23 for direct agricultural production.

24 (14) Horses, or interests in horses, registered with and  
25 meeting the requirements of any of the Arabian Horse Club  
26 Registry of America, Appaloosa Horse Club, American Quarter

1 Horse Association, United States Trotting Association, or  
2 Jockey Club, as appropriate, used for purposes of breeding or  
3 racing for prizes. This item (14) is exempt from the provisions  
4 of Section 3-75, and the exemption provided for under this item  
5 (14) applies for all periods beginning May 30, 1995, but no  
6 claim for credit or refund is allowed on or after the effective  
7 date of this amendatory Act of the 95th General Assembly for  
8 such taxes paid during the period beginning May 30, 2000 and  
9 ending on the effective date of this amendatory Act of the 95th  
10 General Assembly.

11 (15) Computers and communications equipment utilized for  
12 any hospital purpose and equipment used in the diagnosis,  
13 analysis, or treatment of hospital patients purchased by a  
14 lessor who leases the equipment, under a lease of one year or  
15 longer executed or in effect at the time the lessor would  
16 otherwise be subject to the tax imposed by this Act, to a  
17 hospital that has been issued an active tax exemption  
18 identification number by the Department under Section 1g of the  
19 Retailers' Occupation Tax Act. If the equipment is leased in a  
20 manner that does not qualify for this exemption or is used in  
21 any other non-exempt manner, the lessor shall be liable for the  
22 tax imposed under this Act or the Use Tax Act, as the case may  
23 be, based on the fair market value of the property at the time  
24 the non-qualifying use occurs. No lessor shall collect or  
25 attempt to collect an amount (however designated) that purports  
26 to reimburse that lessor for the tax imposed by this Act or the

1 Use Tax Act, as the case may be, if the tax has not been paid by  
2 the lessor. If a lessor improperly collects any such amount  
3 from the lessee, the lessee shall have a legal right to claim a  
4 refund of that amount from the lessor. If, however, that amount  
5 is not refunded to the lessee for any reason, the lessor is  
6 liable to pay that amount to the Department.

7 (16) Personal property purchased by a lessor who leases the  
8 property, under a lease of one year or longer executed or in  
9 effect at the time the lessor would otherwise be subject to the  
10 tax imposed by this Act, to a governmental body that has been  
11 issued an active tax exemption identification number by the  
12 Department under Section 1g of the Retailers' Occupation Tax  
13 Act. If the property is leased in a manner that does not  
14 qualify for this exemption or is used in any other non-exempt  
15 manner, the lessor shall be liable for the tax imposed under  
16 this Act or the Use Tax Act, as the case may be, based on the  
17 fair market value of the property at the time the  
18 non-qualifying use occurs. No lessor shall collect or attempt  
19 to collect an amount (however designated) that purports to  
20 reimburse that lessor for the tax imposed by this Act or the  
21 Use Tax Act, as the case may be, if the tax has not been paid by  
22 the lessor. If a lessor improperly collects any such amount  
23 from the lessee, the lessee shall have a legal right to claim a  
24 refund of that amount from the lessor. If, however, that amount  
25 is not refunded to the lessee for any reason, the lessor is  
26 liable to pay that amount to the Department.



1           (17) Beginning with taxable years ending on or after  
2           December 31, 1995 and ending with taxable years ending on or  
3           before December 31, 2004, personal property that is donated for  
4           disaster relief to be used in a State or federally declared  
5           disaster area in Illinois or bordering Illinois by a  
6           manufacturer or retailer that is registered in this State to a  
7           corporation, society, association, foundation, or institution  
8           that has been issued a sales tax exemption identification  
9           number by the Department that assists victims of the disaster  
10          who reside within the declared disaster area.

11          (18) Beginning with taxable years ending on or after  
12          December 31, 1995 and ending with taxable years ending on or  
13          before December 31, 2004, personal property that is used in the  
14          performance of infrastructure repairs in this State, including  
15          but not limited to municipal roads and streets, access roads,  
16          bridges, sidewalks, waste disposal systems, water and sewer  
17          line extensions, water distribution and purification  
18          facilities, storm water drainage and retention facilities, and  
19          sewage treatment facilities, resulting from a State or  
20          federally declared disaster in Illinois or bordering Illinois  
21          when such repairs are initiated on facilities located in the  
22          declared disaster area within 6 months after the disaster.

23          (19) Beginning July 1, 1999, game or game birds purchased  
24          at a "game breeding and hunting preserve area" as that term is  
25          used in the Wildlife Code. This paragraph is exempt from the  
26          provisions of Section 3-75.

1           (20) A motor vehicle, as that term is defined in Section  
2 1-146 of the Illinois Vehicle Code, that is donated to a  
3 corporation, limited liability company, society, association,  
4 foundation, or institution that is determined by the Department  
5 to be organized and operated exclusively for educational  
6 purposes. For purposes of this exemption, "a corporation,  
7 limited liability company, society, association, foundation,  
8 or institution organized and operated exclusively for  
9 educational purposes" means all tax-supported public schools,  
10 private schools that offer systematic instruction in useful  
11 branches of learning by methods common to public schools and  
12 that compare favorably in their scope and intensity with the  
13 course of study presented in tax-supported schools, and  
14 vocational or technical schools or institutes organized and  
15 operated exclusively to provide a course of study of not less  
16 than 6 weeks duration and designed to prepare individuals to  
17 follow a trade or to pursue a manual, technical, mechanical,  
18 industrial, business, or commercial occupation.

19           (21) Beginning January 1, 2000, personal property,  
20 including food, purchased through fundraising events for the  
21 benefit of a public or private elementary or secondary school,  
22 a group of those schools, or one or more school districts if  
23 the events are sponsored by an entity recognized by the school  
24 district that consists primarily of volunteers and includes  
25 parents and teachers of the school children. This paragraph  
26 does not apply to fundraising events (i) for the benefit of

1 private home instruction or (ii) for which the fundraising  
2 entity purchases the personal property sold at the events from  
3 another individual or entity that sold the property for the  
4 purpose of resale by the fundraising entity and that profits  
5 from the sale to the fundraising entity. This paragraph is  
6 exempt from the provisions of Section 3-75.

7 (22) Beginning January 1, 2000 and through December 31,  
8 2001, new or used automatic vending machines that prepare and  
9 serve hot food and beverages, including coffee, soup, and other  
10 items, and replacement parts for these machines. Beginning  
11 January 1, 2002 and through June 30, 2003, machines and parts  
12 for machines used in commercial, coin-operated amusement and  
13 vending business if a use or occupation tax is paid on the  
14 gross receipts derived from the use of the commercial,  
15 coin-operated amusement and vending machines. This paragraph  
16 is exempt from the provisions of Section 3-75.

17 (23) Beginning August 23, 2001 and through June 30, 2016,  
18 food for human consumption that is to be consumed off the  
19 premises where it is sold (other than alcoholic beverages, soft  
20 drinks, and food that has been prepared for immediate  
21 consumption) and prescription and nonprescription medicines,  
22 drugs, medical appliances, and insulin, urine testing  
23 materials, syringes, and needles used by diabetics, for human  
24 use, when purchased for use by a person receiving medical  
25 assistance under Article V of the Illinois Public Aid Code who  
26 resides in a licensed long-term care facility, as defined in

1 the Nursing Home Care Act, or in a licensed facility as defined  
2 in the ID/DD Community Care Act, the MC/DD Act, or the  
3 Specialized Mental Health Rehabilitation Act of 2013.

4 (24) Beginning on the effective date of this amendatory Act  
5 of the 92nd General Assembly, computers and communications  
6 equipment utilized for any hospital purpose and equipment used  
7 in the diagnosis, analysis, or treatment of hospital patients  
8 purchased by a lessor who leases the equipment, under a lease  
9 of one year or longer executed or in effect at the time the  
10 lessor would otherwise be subject to the tax imposed by this  
11 Act, to a hospital that has been issued an active tax exemption  
12 identification number by the Department under Section 1g of the  
13 Retailers' Occupation Tax Act. If the equipment is leased in a  
14 manner that does not qualify for this exemption or is used in  
15 any other nonexempt manner, the lessor shall be liable for the  
16 tax imposed under this Act or the Use Tax Act, as the case may  
17 be, based on the fair market value of the property at the time  
18 the nonqualifying use occurs. No lessor shall collect or  
19 attempt to collect an amount (however designated) that purports  
20 to reimburse that lessor for the tax imposed by this Act or the  
21 Use Tax Act, as the case may be, if the tax has not been paid by  
22 the lessor. If a lessor improperly collects any such amount  
23 from the lessee, the lessee shall have a legal right to claim a  
24 refund of that amount from the lessor. If, however, that amount  
25 is not refunded to the lessee for any reason, the lessor is  
26 liable to pay that amount to the Department. This paragraph is

1 exempt from the provisions of Section 3-75.

2 (25) Beginning on the effective date of this amendatory Act  
3 of the 92nd General Assembly, personal property purchased by a  
4 lessor who leases the property, under a lease of one year or  
5 longer executed or in effect at the time the lessor would  
6 otherwise be subject to the tax imposed by this Act, to a  
7 governmental body that has been issued an active tax exemption  
8 identification number by the Department under Section 1g of the  
9 Retailers' Occupation Tax Act. If the property is leased in a  
10 manner that does not qualify for this exemption or is used in  
11 any other nonexempt manner, the lessor shall be liable for the  
12 tax imposed under this Act or the Use Tax Act, as the case may  
13 be, based on the fair market value of the property at the time  
14 the nonqualifying use occurs. No lessor shall collect or  
15 attempt to collect an amount (however designated) that purports  
16 to reimburse that lessor for the tax imposed by this Act or the  
17 Use Tax Act, as the case may be, if the tax has not been paid by  
18 the lessor. If a lessor improperly collects any such amount  
19 from the lessee, the lessee shall have a legal right to claim a  
20 refund of that amount from the lessor. If, however, that amount  
21 is not refunded to the lessee for any reason, the lessor is  
22 liable to pay that amount to the Department. This paragraph is  
23 exempt from the provisions of Section 3-75.

24 (26) Beginning January 1, 2008, tangible personal property  
25 used in the construction or maintenance of a community water  
26 supply, as defined under Section 3.145 of the Environmental

1 Protection Act, that is operated by a not-for-profit  
2 corporation that holds a valid water supply permit issued under  
3 Title IV of the Environmental Protection Act. This paragraph is  
4 exempt from the provisions of Section 3-75.

5 (27) Beginning January 1, 2010, materials, parts,  
6 equipment, components, and furnishings incorporated into or  
7 upon an aircraft as part of the modification, refurbishment,  
8 completion, replacement, repair, or maintenance of the  
9 aircraft. This exemption includes consumable supplies used in  
10 the modification, refurbishment, completion, replacement,  
11 repair, and maintenance of aircraft, but excludes any  
12 materials, parts, equipment, components, and consumable  
13 supplies used in the modification, replacement, repair, and  
14 maintenance of aircraft engines or power plants, whether such  
15 engines or power plants are installed or uninstalled upon any  
16 such aircraft. "Consumable supplies" include, but are not  
17 limited to, adhesive, tape, sandpaper, general purpose  
18 lubricants, cleaning solution, latex gloves, and protective  
19 films. This exemption applies only to the use of qualifying  
20 tangible personal property transferred incident to the  
21 modification, refurbishment, completion, replacement, repair,  
22 or maintenance of aircraft by persons who (i) hold an Air  
23 Agency Certificate and are empowered to operate an approved  
24 repair station by the Federal Aviation Administration, (ii)  
25 have a Class IV Rating, and (iii) conduct operations in  
26 accordance with Part 145 of the Federal Aviation Regulations.

1 The exemption does not include aircraft operated by a  
2 commercial air carrier providing scheduled passenger air  
3 service pursuant to authority issued under Part 121 or Part 129  
4 of the Federal Aviation Regulations. The changes made to this  
5 paragraph (27) by Public Act 98-534 are declarative of existing  
6 law.

7 (28) Tangible personal property purchased by a  
8 public-facilities corporation, as described in Section  
9 11-65-10 of the Illinois Municipal Code, for purposes of  
10 constructing or furnishing a municipal convention hall, but  
11 only if the legal title to the municipal convention hall is  
12 transferred to the municipality without any further  
13 consideration by or on behalf of the municipality at the time  
14 of the completion of the municipal convention hall or upon the  
15 retirement or redemption of any bonds or other debt instruments  
16 issued by the public-facilities corporation in connection with  
17 the development of the municipal convention hall. This  
18 exemption includes existing public-facilities corporations as  
19 provided in Section 11-65-25 of the Illinois Municipal Code.  
20 This paragraph is exempt from the provisions of Section 3-75.

21 (29) Beginning January 1, 2017, menstrual pads, tampons,  
22 and menstrual cups.

23 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
24 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.  
25 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

1           Section 35-15. The Service Occupation Tax Act is amended by  
2 changing Sections 2 and 3-5 as follows:

3           (35 ILCS 115/2) (from Ch. 120, par. 439.102)

4           Sec. 2. "Transfer" means any transfer of the title to  
5 property or of the ownership of property whether or not the  
6 transferor retains title as security for the payment of amounts  
7 due him from the transferee.

8           "Cost Price" means the consideration paid by the serviceman  
9 for a purchase valued in money, whether paid in money or  
10 otherwise, including cash, credits and services, and shall be  
11 determined without any deduction on account of the supplier's  
12 cost of the property sold or on account of any other expense  
13 incurred by the supplier. When a serviceman contracts out part  
14 or all of the services required in his sale of service, it  
15 shall be presumed that the cost price to the serviceman of the  
16 property transferred to him by his or her subcontractor is  
17 equal to 50% of the subcontractor's charges to the serviceman  
18 in the absence of proof of the consideration paid by the  
19 subcontractor for the purchase of such property.

20           "Department" means the Department of Revenue.

21           "Person" means any natural individual, firm, partnership,  
22 association, joint stock company, joint venture, public or  
23 private corporation, limited liability company, and any  
24 receiver, executor, trustee, guardian or other representative  
25 appointed by order of any court.



1 "Sale of Service" means any transaction except:

2 (a) A retail sale of tangible personal property taxable  
3 under the Retailers' Occupation Tax Act or under the Use Tax  
4 Act.

5 (b) A sale of tangible personal property for the purpose of  
6 resale made in compliance with Section 2c of the Retailers'  
7 Occupation Tax Act.

8 (c) Except as hereinafter provided, a sale or transfer of  
9 tangible personal property as an incident to the rendering of  
10 service for or by any governmental body or for or by any  
11 corporation, society, association, foundation or institution  
12 organized and operated exclusively for charitable, religious  
13 or educational purposes or any not-for-profit corporation,  
14 society, association, foundation, institution or organization  
15 which has no compensated officers or employees and which is  
16 organized and operated primarily for the recreation of persons  
17 55 years of age or older. A limited liability company may  
18 qualify for the exemption under this paragraph only if the  
19 limited liability company is organized and operated  
20 exclusively for educational purposes.

21 (d) A sale or transfer of tangible personal property as an  
22 incident to the rendering of service for interstate carriers  
23 for hire for use as rolling stock moving in interstate commerce  
24 or lessors under leases of one year or longer, executed or in  
25 effect at the time of purchase, to interstate carriers for hire  
26 for use as rolling stock moving in interstate commerce, and

1 equipment operated by a telecommunications provider, licensed  
2 as a common carrier by the Federal Communications Commission,  
3 which is permanently installed in or affixed to aircraft moving  
4 in interstate commerce.

5 (d-1) A sale or transfer of tangible personal property as  
6 an incident to the rendering of service for owners, lessors or  
7 shippers of tangible personal property which is utilized by  
8 interstate carriers for hire for use as rolling stock moving in  
9 interstate commerce, and equipment operated by a  
10 telecommunications provider, licensed as a common carrier by  
11 the Federal Communications Commission, which is permanently  
12 installed in or affixed to aircraft moving in interstate  
13 commerce.

14 (d-1.1) On and after July 1, 2003 and through June 30,  
15 2004, a sale or transfer of a motor vehicle of the second  
16 division with a gross vehicle weight in excess of 8,000 pounds  
17 as an incident to the rendering of service if that motor  
18 vehicle is subject to the commercial distribution fee imposed  
19 under Section 3-815.1 of the Illinois Vehicle Code. Beginning  
20 on July 1, 2004 and through June 30, 2005, the use in this  
21 State of motor vehicles of the second division: (i) with a  
22 gross vehicle weight rating in excess of 8,000 pounds; (ii)  
23 that are subject to the commercial distribution fee imposed  
24 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)  
25 that are primarily used for commercial purposes. Through June  
26 30, 2005, this exemption applies to repair and replacement

1 parts added after the initial purchase of such a motor vehicle  
2 if that motor vehicle is used in a manner that would qualify  
3 for the rolling stock exemption otherwise provided for in this  
4 Act. For purposes of this paragraph, "used for commercial  
5 purposes" means the transportation of persons or property in  
6 furtherance of any commercial or industrial enterprise whether  
7 for-hire or not.

8 (d-2) The repairing, reconditioning or remodeling, for a  
9 common carrier by rail, of tangible personal property which  
10 belongs to such carrier for hire, and as to which such carrier  
11 receives the physical possession of the repaired,  
12 reconditioned or remodeled item of tangible personal property  
13 in Illinois, and which such carrier transports, or shares with  
14 another common carrier in the transportation of such property,  
15 out of Illinois on a standard uniform bill of lading showing  
16 the person who repaired, reconditioned or remodeled the  
17 property as the shipper or consignor of such property to a  
18 destination outside Illinois, for use outside Illinois.

19 (d-3) A sale or transfer of tangible personal property  
20 which is produced by the seller thereof on special order in  
21 such a way as to have made the applicable tax the Service  
22 Occupation Tax or the Service Use Tax, rather than the  
23 Retailers' Occupation Tax or the Use Tax, for an interstate  
24 carrier by rail which receives the physical possession of such  
25 property in Illinois, and which transports such property, or  
26 shares with another common carrier in the transportation of

1 such property, out of Illinois on a standard uniform bill of  
2 lading showing the seller of the property as the shipper or  
3 consignor of such property to a destination outside Illinois,  
4 for use outside Illinois.

5 (d-4) Until January 1, 1997, a sale, by a registered  
6 serviceman paying tax under this Act to the Department, of  
7 special order printed materials delivered outside Illinois and  
8 which are not returned to this State, if delivery is made by  
9 the seller or agent of the seller, including an agent who  
10 causes the product to be delivered outside Illinois by a common  
11 carrier or the U.S. postal service.

12 (e) A sale or transfer of machinery and equipment used  
13 primarily in the process of the manufacturing or assembling,  
14 either in an existing, an expanded or a new manufacturing  
15 facility, of tangible personal property for wholesale or retail  
16 sale or lease, whether such sale or lease is made directly by  
17 the manufacturer or by some other person, whether the materials  
18 used in the process are owned by the manufacturer or some other  
19 person, or whether such sale or lease is made apart from or as  
20 an incident to the seller's engaging in a service occupation  
21 and the applicable tax is a Service Occupation Tax or Service  
22 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The  
23 exemption provided by this paragraph (e) does not include  
24 machinery and equipment used in (i) the generation of  
25 electricity for wholesale or retail sale; (ii) the generation  
26 or treatment of natural or artificial gas for wholesale or

1 retail sale that is delivered to customers through pipes,  
2 pipelines, or mains; or (iii) the treatment of water for  
3 wholesale or retail sale that is delivered to customers through  
4 pipes, pipelines, or mains. The provisions of this amendatory  
5 Act of the 98th General Assembly are declaratory of existing  
6 law as to the meaning and scope of this exemption. The  
7 exemption under this subsection (e) is exempt from the  
8 provisions of Section 3-75.

9 (f) Until July 1, 2003, the sale or transfer of  
10 distillation machinery and equipment, sold as a unit or kit and  
11 assembled or installed by the retailer, which machinery and  
12 equipment is certified by the user to be used only for the  
13 production of ethyl alcohol that will be used for consumption  
14 as motor fuel or as a component of motor fuel for the personal  
15 use of such user and not subject to sale or resale.

16 (g) At the election of any serviceman not required to be  
17 otherwise registered as a retailer under Section 2a of the  
18 Retailers' Occupation Tax Act, made for each fiscal year sales  
19 of service in which the aggregate annual cost price of tangible  
20 personal property transferred as an incident to the sales of  
21 service is less than 35% (75% in the case of servicemen  
22 transferring prescription drugs or servicemen engaged in  
23 graphic arts production) of the aggregate annual total gross  
24 receipts from all sales of service. The purchase of such  
25 tangible personal property by the serviceman shall be subject  
26 to tax under the Retailers' Occupation Tax Act and the Use Tax

1 Act. However, if a primary serviceman who has made the election  
2 described in this paragraph subcontracts service work to a  
3 secondary serviceman who has also made the election described  
4 in this paragraph, the primary serviceman does not incur a Use  
5 Tax liability if the secondary serviceman (i) has paid or will  
6 pay Use Tax on his or her cost price of any tangible personal  
7 property transferred to the primary serviceman and (ii)  
8 certifies that fact in writing to the primary serviceman.

9 Tangible personal property transferred incident to the  
10 completion of a maintenance agreement is exempt from the tax  
11 imposed pursuant to this Act.

12 Exemption (e) also includes machinery and equipment used in  
13 the general maintenance or repair of such exempt machinery and  
14 equipment or for in-house manufacture of exempt machinery and  
15 equipment. On and after July 1, 2017, exemption (e) also  
16 includes graphic arts machinery and equipment, as defined in  
17 paragraph (5) of Section 3-5. The machinery and equipment  
18 exemption does not include machinery and equipment used in (i)  
19 the generation of electricity for wholesale or retail sale;  
20 (ii) the generation or treatment of natural or artificial gas  
21 for wholesale or retail sale that is delivered to customers  
22 through pipes, pipelines, or mains; or (iii) the treatment of  
23 water for wholesale or retail sale that is delivered to  
24 customers through pipes, pipelines, or mains. The provisions of  
25 this amendatory Act of the 98th General Assembly are  
26 declaratory of existing law as to the meaning and scope of this

1 exemption. For the purposes of exemption (e), each of these  
2 terms shall have the following meanings: (1) "manufacturing  
3 process" shall mean the production of any article of tangible  
4 personal property, whether such article is a finished product  
5 or an article for use in the process of manufacturing or  
6 assembling a different article of tangible personal property,  
7 by procedures commonly regarded as manufacturing, processing,  
8 fabricating, or refining which changes some existing material  
9 or materials into a material with a different form, use or  
10 name. In relation to a recognized integrated business composed  
11 of a series of operations which collectively constitute  
12 manufacturing, or individually constitute manufacturing  
13 operations, the manufacturing process shall be deemed to  
14 commence with the first operation or stage of production in the  
15 series, and shall not be deemed to end until the completion of  
16 the final product in the last operation or stage of production  
17 in the series; and further for purposes of exemption (e),  
18 photoprocessing is deemed to be a manufacturing process of  
19 tangible personal property for wholesale or retail sale; (2)  
20 "assembling process" shall mean the production of any article  
21 of tangible personal property, whether such article is a  
22 finished product or an article for use in the process of  
23 manufacturing or assembling a different article of tangible  
24 personal property, by the combination of existing materials in  
25 a manner commonly regarded as assembling which results in a  
26 material of a different form, use or name; (3) "machinery"

1 shall mean major mechanical machines or major components of  
2 such machines contributing to a manufacturing or assembling  
3 process; and (4) "equipment" shall include any independent  
4 device or tool separate from any machinery but essential to an  
5 integrated manufacturing or assembly process; including  
6 computers used primarily in a manufacturer's computer assisted  
7 design, computer assisted manufacturing (CAD/CAM) system; or  
8 any subunit or assembly comprising a component of any machinery  
9 or auxiliary, adjunct or attachment parts of machinery, such as  
10 tools, dies, jigs, fixtures, patterns and molds; or any parts  
11 which require periodic replacement in the course of normal  
12 operation; but shall not include hand tools. Equipment includes  
13 chemicals or chemicals acting as catalysts but only if the  
14 chemicals or chemicals acting as catalysts effect a direct and  
15 immediate change upon a product being manufactured or assembled  
16 for wholesale or retail sale or lease. The purchaser of such  
17 machinery and equipment who has an active resale registration  
18 number shall furnish such number to the seller at the time of  
19 purchase. The purchaser of such machinery and equipment and  
20 tools without an active resale registration number shall  
21 furnish to the seller a certificate of exemption for each  
22 transaction stating facts establishing the exemption for that  
23 transaction, which certificate shall be available to the  
24 Department for inspection or audit.

25 Except as provided in Section 2d of this Act, the rolling  
26 stock exemption applies to rolling stock used by an interstate



1 carrier for hire, even just between points in Illinois, if such  
2 rolling stock transports, for hire, persons whose journeys or  
3 property whose shipments originate or terminate outside  
4 Illinois.

5 Any informal rulings, opinions or letters issued by the  
6 Department in response to an inquiry or request for any opinion  
7 from any person regarding the coverage and applicability of  
8 exemption (e) to specific devices shall be published,  
9 maintained as a public record, and made available for public  
10 inspection and copying. If the informal ruling, opinion or  
11 letter contains trade secrets or other confidential  
12 information, where possible the Department shall delete such  
13 information prior to publication. Whenever such informal  
14 rulings, opinions, or letters contain any policy of general  
15 applicability, the Department shall formulate and adopt such  
16 policy as a rule in accordance with the provisions of the  
17 Illinois Administrative Procedure Act.

18 On and after July 1, 1987, no entity otherwise eligible  
19 under exemption (c) of this Section shall make tax free  
20 purchases unless it has an active exemption identification  
21 number issued by the Department.

22 "Serviceman" means any person who is engaged in the  
23 occupation of making sales of service.

24 "Sale at Retail" means "sale at retail" as defined in the  
25 Retailers' Occupation Tax Act.

26 "Supplier" means any person who makes sales of tangible

1 personal property to servicemen for the purpose of resale as an  
2 incident to a sale of service.

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

4 (35 ILCS 115/3-5)

5 Sec. 3-5. Exemptions. The following tangible personal  
6 property is exempt from the tax imposed by this Act:

7 (1) Personal property sold by a corporation, society,  
8 association, foundation, institution, or organization, other  
9 than a limited liability company, that is organized and  
10 operated as a not-for-profit service enterprise for the benefit  
11 of persons 65 years of age or older if the personal property  
12 was not purchased by the enterprise for the purpose of resale  
13 by the enterprise.

14 (2) Personal property purchased by a not-for-profit  
15 Illinois county fair association for use in conducting,  
16 operating, or promoting the county fair.

17 (3) Personal property purchased by any not-for-profit arts  
18 or cultural organization that establishes, by proof required by  
19 the Department by rule, that it has received an exemption under  
20 Section 501(c)(3) of the Internal Revenue Code and that is  
21 organized and operated primarily for the presentation or  
22 support of arts or cultural programming, activities, or  
23 services. These organizations include, but are not limited to,  
24 music and dramatic arts organizations such as symphony  
25 orchestras and theatrical groups, arts and cultural service

1 organizations, local arts councils, visual arts organizations,  
2 and media arts organizations. On and after the effective date  
3 of this amendatory Act of the 92nd General Assembly, however,  
4 an entity otherwise eligible for this exemption shall not make  
5 tax-free purchases unless it has an active identification  
6 number issued by the Department.

7 (4) Legal tender, currency, medallions, or gold or silver  
8 coinage issued by the State of Illinois, the government of the  
9 United States of America, or the government of any foreign  
10 country, and bullion.

11 (5) Until July 1, 2003 and beginning again on September 1,  
12 2004 through August 30, 2014, graphic arts machinery and  
13 equipment, including repair and replacement parts, both new and  
14 used, and including that manufactured on special order or  
15 purchased for lease, certified by the purchaser to be used  
16 primarily for graphic arts production. Equipment includes  
17 chemicals or chemicals acting as catalysts but only if the  
18 chemicals or chemicals acting as catalysts effect a direct and  
19 immediate change upon a graphic arts product. Beginning on July  
20 1, 2017, graphic arts machinery and equipment is included in  
21 the manufacturing and assembling machinery and equipment  
22 exemption under Section 2 of this Act.

23 (6) Personal property sold by a teacher-sponsored student  
24 organization affiliated with an elementary or secondary school  
25 located in Illinois.

26 (7) Farm machinery and equipment, both new and used,

1 including that manufactured on special order, certified by the  
2 purchaser to be used primarily for production agriculture or  
3 State or federal agricultural programs, including individual  
4 replacement parts for the machinery and equipment, including  
5 machinery and equipment purchased for lease, and including  
6 implements of husbandry defined in Section 1-130 of the  
7 Illinois Vehicle Code, farm machinery and agricultural  
8 chemical and fertilizer spreaders, and nurse wagons required to  
9 be registered under Section 3-809 of the Illinois Vehicle Code,  
10 but excluding other motor vehicles required to be registered  
11 under the Illinois Vehicle Code. Horticultural polyhouses or  
12 hoop houses used for propagating, growing, or overwintering  
13 plants shall be considered farm machinery and equipment under  
14 this item (7). Agricultural chemical tender tanks and dry boxes  
15 shall include units sold separately from a motor vehicle  
16 required to be licensed and units sold mounted on a motor  
17 vehicle required to be licensed if the selling price of the  
18 tender is separately stated.

19 Farm machinery and equipment shall include precision  
20 farming equipment that is installed or purchased to be  
21 installed on farm machinery and equipment including, but not  
22 limited to, tractors, harvesters, sprayers, planters, seeders,  
23 or spreaders. Precision farming equipment includes, but is not  
24 limited to, soil testing sensors, computers, monitors,  
25 software, global positioning and mapping systems, and other  
26 such equipment.

1 Farm machinery and equipment also includes computers,  
2 sensors, software, and related equipment used primarily in the  
3 computer-assisted operation of production agriculture  
4 facilities, equipment, and activities such as, but not limited  
5 to, the collection, monitoring, and correlation of animal and  
6 crop data for the purpose of formulating animal diets and  
7 agricultural chemicals. This item (7) is exempt from the  
8 provisions of Section 3-55.

9 (8) Until June 30, 2013, fuel and petroleum products sold  
10 to or used by an air common carrier, certified by the carrier  
11 to be used for consumption, shipment, or storage in the conduct  
12 of its business as an air common carrier, for a flight destined  
13 for or returning from a location or locations outside the  
14 United States without regard to previous or subsequent domestic  
15 stopovers.

16 Beginning July 1, 2013, fuel and petroleum products sold to  
17 or used by an air carrier, certified by the carrier to be used  
18 for consumption, shipment, or storage in the conduct of its  
19 business as an air common carrier, for a flight that (i) is  
20 engaged in foreign trade or is engaged in trade between the  
21 United States and any of its possessions and (ii) transports at  
22 least one individual or package for hire from the city of  
23 origination to the city of final destination on the same  
24 aircraft, without regard to a change in the flight number of  
25 that aircraft.

26 (9) Proceeds of mandatory service charges separately

1 stated on customers' bills for the purchase and consumption of  
2 food and beverages, to the extent that the proceeds of the  
3 service charge are in fact turned over as tips or as a  
4 substitute for tips to the employees who participate directly  
5 in preparing, serving, hosting or cleaning up the food or  
6 beverage function with respect to which the service charge is  
7 imposed.

8 (10) Until July 1, 2003, oil field exploration, drilling,  
9 and production equipment, including (i) rigs and parts of rigs,  
10 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and  
11 tubular goods, including casing and drill strings, (iii) pumps  
12 and pump-jack units, (iv) storage tanks and flow lines, (v) any  
13 individual replacement part for oil field exploration,  
14 drilling, and production equipment, and (vi) machinery and  
15 equipment purchased for lease; but excluding motor vehicles  
16 required to be registered under the Illinois Vehicle Code.

17 (11) Photoprocessing machinery and equipment, including  
18 repair and replacement parts, both new and used, including that  
19 manufactured on special order, certified by the purchaser to be  
20 used primarily for photoprocessing, and including  
21 photoprocessing machinery and equipment purchased for lease.

22 (12) Coal and aggregate exploration, mining, off-highway  
23 hauling, processing, maintenance, and reclamation equipment,  
24 including replacement parts and equipment, and including  
25 equipment purchased for lease, but excluding motor vehicles  
26 required to be registered under the Illinois Vehicle Code. The

1 changes made to this Section by Public Act 97-767 apply on and  
2 after July 1, 2003, but no claim for credit or refund is  
3 allowed on or after August 16, 2013 (the effective date of  
4 Public Act 98-456) for such taxes paid during the period  
5 beginning July 1, 2003 and ending on August 16, 2013 (the  
6 effective date of Public Act 98-456).

7 (13) Beginning January 1, 1992 and through June 30, 2016,  
8 food for human consumption that is to be consumed off the  
9 premises where it is sold (other than alcoholic beverages, soft  
10 drinks and food that has been prepared for immediate  
11 consumption) and prescription and non-prescription medicines,  
12 drugs, medical appliances, and insulin, urine testing  
13 materials, syringes, and needles used by diabetics, for human  
14 use, when purchased for use by a person receiving medical  
15 assistance under Article V of the Illinois Public Aid Code who  
16 resides in a licensed long-term care facility, as defined in  
17 the Nursing Home Care Act, or in a licensed facility as defined  
18 in the ID/DD Community Care Act, the MC/DD Act, or the  
19 Specialized Mental Health Rehabilitation Act of 2013.

20 (14) Semen used for artificial insemination of livestock  
21 for direct agricultural production.

22 (15) Horses, or interests in horses, registered with and  
23 meeting the requirements of any of the Arabian Horse Club  
24 Registry of America, Appaloosa Horse Club, American Quarter  
25 Horse Association, United States Trotting Association, or  
26 Jockey Club, as appropriate, used for purposes of breeding or

1 racing for prizes. This item (15) is exempt from the provisions  
2 of Section 3-55, and the exemption provided for under this item  
3 (15) applies for all periods beginning May 30, 1995, but no  
4 claim for credit or refund is allowed on or after January 1,  
5 2008 (the effective date of Public Act 95-88) for such taxes  
6 paid during the period beginning May 30, 2000 and ending on  
7 January 1, 2008 (the effective date of Public Act 95-88).

8 (16) Computers and communications equipment utilized for  
9 any hospital purpose and equipment used in the diagnosis,  
10 analysis, or treatment of hospital patients sold to a lessor  
11 who leases the equipment, under a lease of one year or longer  
12 executed or in effect at the time of the purchase, to a  
13 hospital that has been issued an active tax exemption  
14 identification number by the Department under Section 1g of the  
15 Retailers' Occupation Tax Act.

16 (17) Personal property sold to a lessor who leases the  
17 property, under a lease of one year or longer executed or in  
18 effect at the time of the purchase, to a governmental body that  
19 has been issued an active tax exemption identification number  
20 by the Department under Section 1g of the Retailers' Occupation  
21 Tax Act.

22 (18) Beginning with taxable years ending on or after  
23 December 31, 1995 and ending with taxable years ending on or  
24 before December 31, 2004, personal property that is donated for  
25 disaster relief to be used in a State or federally declared  
26 disaster area in Illinois or bordering Illinois by a



1 manufacturer or retailer that is registered in this State to a  
2 corporation, society, association, foundation, or institution  
3 that has been issued a sales tax exemption identification  
4 number by the Department that assists victims of the disaster  
5 who reside within the declared disaster area.

6 (19) Beginning with taxable years ending on or after  
7 December 31, 1995 and ending with taxable years ending on or  
8 before December 31, 2004, personal property that is used in the  
9 performance of infrastructure repairs in this State, including  
10 but not limited to municipal roads and streets, access roads,  
11 bridges, sidewalks, waste disposal systems, water and sewer  
12 line extensions, water distribution and purification  
13 facilities, storm water drainage and retention facilities, and  
14 sewage treatment facilities, resulting from a State or  
15 federally declared disaster in Illinois or bordering Illinois  
16 when such repairs are initiated on facilities located in the  
17 declared disaster area within 6 months after the disaster.

18 (20) Beginning July 1, 1999, game or game birds sold at a  
19 "game breeding and hunting preserve area" as that term is used  
20 in the Wildlife Code. This paragraph is exempt from the  
21 provisions of Section 3-55.

22 (21) A motor vehicle, as that term is defined in Section  
23 1-146 of the Illinois Vehicle Code, that is donated to a  
24 corporation, limited liability company, society, association,  
25 foundation, or institution that is determined by the Department  
26 to be organized and operated exclusively for educational

1 purposes. For purposes of this exemption, "a corporation,  
2 limited liability company, society, association, foundation,  
3 or institution organized and operated exclusively for  
4 educational purposes" means all tax-supported public schools,  
5 private schools that offer systematic instruction in useful  
6 branches of learning by methods common to public schools and  
7 that compare favorably in their scope and intensity with the  
8 course of study presented in tax-supported schools, and  
9 vocational or technical schools or institutes organized and  
10 operated exclusively to provide a course of study of not less  
11 than 6 weeks duration and designed to prepare individuals to  
12 follow a trade or to pursue a manual, technical, mechanical,  
13 industrial, business, or commercial occupation.

14 (22) Beginning January 1, 2000, personal property,  
15 including food, purchased through fundraising events for the  
16 benefit of a public or private elementary or secondary school,  
17 a group of those schools, or one or more school districts if  
18 the events are sponsored by an entity recognized by the school  
19 district that consists primarily of volunteers and includes  
20 parents and teachers of the school children. This paragraph  
21 does not apply to fundraising events (i) for the benefit of  
22 private home instruction or (ii) for which the fundraising  
23 entity purchases the personal property sold at the events from  
24 another individual or entity that sold the property for the  
25 purpose of resale by the fundraising entity and that profits  
26 from the sale to the fundraising entity. This paragraph is

1 exempt from the provisions of Section 3-55.

2 (23) Beginning January 1, 2000 and through December 31,  
3 2001, new or used automatic vending machines that prepare and  
4 serve hot food and beverages, including coffee, soup, and other  
5 items, and replacement parts for these machines. Beginning  
6 January 1, 2002 and through June 30, 2003, machines and parts  
7 for machines used in commercial, coin-operated amusement and  
8 vending business if a use or occupation tax is paid on the  
9 gross receipts derived from the use of the commercial,  
10 coin-operated amusement and vending machines. This paragraph  
11 is exempt from the provisions of Section 3-55.

12 (24) Beginning on the effective date of this amendatory Act  
13 of the 92nd General Assembly, computers and communications  
14 equipment utilized for any hospital purpose and equipment used  
15 in the diagnosis, analysis, or treatment of hospital patients  
16 sold to a lessor who leases the equipment, under a lease of one  
17 year or longer executed or in effect at the time of the  
18 purchase, to a hospital that has been issued an active tax  
19 exemption identification number by the Department under  
20 Section 1g of the Retailers' Occupation Tax Act. This paragraph  
21 is exempt from the provisions of Section 3-55.

22 (25) Beginning on the effective date of this amendatory Act  
23 of the 92nd General Assembly, personal property sold to a  
24 lessor who leases the property, under a lease of one year or  
25 longer executed or in effect at the time of the purchase, to a  
26 governmental body that has been issued an active tax exemption

1 identification number by the Department under Section 1g of the  
2 Retailers' Occupation Tax Act. This paragraph is exempt from  
3 the provisions of Section 3-55.

4 (26) Beginning on January 1, 2002 and through June 30,  
5 2016, tangible personal property purchased from an Illinois  
6 retailer by a taxpayer engaged in centralized purchasing  
7 activities in Illinois who will, upon receipt of the property  
8 in Illinois, temporarily store the property in Illinois (i) for  
9 the purpose of subsequently transporting it outside this State  
10 for use or consumption thereafter solely outside this State or  
11 (ii) for the purpose of being processed, fabricated, or  
12 manufactured into, attached to, or incorporated into other  
13 tangible personal property to be transported outside this State  
14 and thereafter used or consumed solely outside this State. The  
15 Director of Revenue shall, pursuant to rules adopted in  
16 accordance with the Illinois Administrative Procedure Act,  
17 issue a permit to any taxpayer in good standing with the  
18 Department who is eligible for the exemption under this  
19 paragraph (26). The permit issued under this paragraph (26)  
20 shall authorize the holder, to the extent and in the manner  
21 specified in the rules adopted under this Act, to purchase  
22 tangible personal property from a retailer exempt from the  
23 taxes imposed by this Act. Taxpayers shall maintain all  
24 necessary books and records to substantiate the use and  
25 consumption of all such tangible personal property outside of  
26 the State of Illinois.

1           (27) Beginning January 1, 2008, tangible personal property  
2 used in the construction or maintenance of a community water  
3 supply, as defined under Section 3.145 of the Environmental  
4 Protection Act, that is operated by a not-for-profit  
5 corporation that holds a valid water supply permit issued under  
6 Title IV of the Environmental Protection Act. This paragraph is  
7 exempt from the provisions of Section 3-55.

8           (28) Tangible personal property sold to a  
9 public-facilities corporation, as described in Section  
10 11-65-10 of the Illinois Municipal Code, for purposes of  
11 constructing or furnishing a municipal convention hall, but  
12 only if the legal title to the municipal convention hall is  
13 transferred to the municipality without any further  
14 consideration by or on behalf of the municipality at the time  
15 of the completion of the municipal convention hall or upon the  
16 retirement or redemption of any bonds or other debt instruments  
17 issued by the public-facilities corporation in connection with  
18 the development of the municipal convention hall. This  
19 exemption includes existing public-facilities corporations as  
20 provided in Section 11-65-25 of the Illinois Municipal Code.  
21 This paragraph is exempt from the provisions of Section 3-55.

22           (29) Beginning January 1, 2010, materials, parts,  
23 equipment, components, and furnishings incorporated into or  
24 upon an aircraft as part of the modification, refurbishment,  
25 completion, replacement, repair, or maintenance of the  
26 aircraft. This exemption includes consumable supplies used in

1 the modification, refurbishment, completion, replacement,  
2 repair, and maintenance of aircraft, but excludes any  
3 materials, parts, equipment, components, and consumable  
4 supplies used in the modification, replacement, repair, and  
5 maintenance of aircraft engines or power plants, whether such  
6 engines or power plants are installed or uninstalled upon any  
7 such aircraft. "Consumable supplies" include, but are not  
8 limited to, adhesive, tape, sandpaper, general purpose  
9 lubricants, cleaning solution, latex gloves, and protective  
10 films. This exemption applies only to the transfer of  
11 qualifying tangible personal property incident to the  
12 modification, refurbishment, completion, replacement, repair,  
13 or maintenance of an aircraft by persons who (i) hold an Air  
14 Agency Certificate and are empowered to operate an approved  
15 repair station by the Federal Aviation Administration, (ii)  
16 have a Class IV Rating, and (iii) conduct operations in  
17 accordance with Part 145 of the Federal Aviation Regulations.  
18 The exemption does not include aircraft operated by a  
19 commercial air carrier providing scheduled passenger air  
20 service pursuant to authority issued under Part 121 or Part 129  
21 of the Federal Aviation Regulations. The changes made to this  
22 paragraph (29) by Public Act 98-534 are declarative of existing  
23 law.

24 (30) Beginning January 1, 2017, menstrual pads, tampons,  
25 and menstrual cups.

26 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;

1 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.  
2 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

3 Section 35-20. The Retailers' Occupation Tax Act is amended  
4 by changing Sections 2-5 and 2-45 as follows:

5 (35 ILCS 120/2-5)

6 Sec. 2-5. Exemptions. Gross receipts from proceeds from the  
7 sale of the following tangible personal property are exempt  
8 from the tax imposed by this Act:

9 (1) Farm chemicals.

10 (2) Farm machinery and equipment, both new and used,  
11 including that manufactured on special order, certified by the  
12 purchaser to be used primarily for production agriculture or  
13 State or federal agricultural programs, including individual  
14 replacement parts for the machinery and equipment, including  
15 machinery and equipment purchased for lease, and including  
16 implements of husbandry defined in Section 1-130 of the  
17 Illinois Vehicle Code, farm machinery and agricultural  
18 chemical and fertilizer spreaders, and nurse wagons required to  
19 be registered under Section 3-809 of the Illinois Vehicle Code,  
20 but excluding other motor vehicles required to be registered  
21 under the Illinois Vehicle Code. Horticultural polyhouses or  
22 hoop houses used for propagating, growing, or overwintering  
23 plants shall be considered farm machinery and equipment under  
24 this item (2). Agricultural chemical tender tanks and dry boxes

1 shall include units sold separately from a motor vehicle  
2 required to be licensed and units sold mounted on a motor  
3 vehicle required to be licensed, if the selling price of the  
4 tender is separately stated.

5 Farm machinery and equipment shall include precision  
6 farming equipment that is installed or purchased to be  
7 installed on farm machinery and equipment including, but not  
8 limited to, tractors, harvesters, sprayers, planters, seeders,  
9 or spreaders. Precision farming equipment includes, but is not  
10 limited to, soil testing sensors, computers, monitors,  
11 software, global positioning and mapping systems, and other  
12 such equipment.

13 Farm machinery and equipment also includes computers,  
14 sensors, software, and related equipment used primarily in the  
15 computer-assisted operation of production agriculture  
16 facilities, equipment, and activities such as, but not limited  
17 to, the collection, monitoring, and correlation of animal and  
18 crop data for the purpose of formulating animal diets and  
19 agricultural chemicals. This item (2) is exempt from the  
20 provisions of Section 2-70.

21 (3) Until July 1, 2003, distillation machinery and  
22 equipment, sold as a unit or kit, assembled or installed by the  
23 retailer, certified by the user to be used only for the  
24 production of ethyl alcohol that will be used for consumption  
25 as motor fuel or as a component of motor fuel for the personal  
26 use of the user, and not subject to sale or resale.



1           (4) Until July 1, 2003 and beginning again September 1,  
2 2004 through August 30, 2014, graphic arts machinery and  
3 equipment, including repair and replacement parts, both new and  
4 used, and including that manufactured on special order or  
5 purchased for lease, certified by the purchaser to be used  
6 primarily for graphic arts production. Equipment includes  
7 chemicals or chemicals acting as catalysts but only if the  
8 chemicals or chemicals acting as catalysts effect a direct and  
9 immediate change upon a graphic arts product. Beginning on July  
10 1, 2017, graphic arts machinery and equipment is included in  
11 the manufacturing and assembling machinery and equipment  
12 exemption under paragraph (14).

13           (5) A motor vehicle that is used for automobile renting, as  
14 defined in the Automobile Renting Occupation and Use Tax Act.  
15 This paragraph is exempt from the provisions of Section 2-70.

16           (6) Personal property sold by a teacher-sponsored student  
17 organization affiliated with an elementary or secondary school  
18 located in Illinois.

19           (7) Until July 1, 2003, proceeds of that portion of the  
20 selling price of a passenger car the sale of which is subject  
21 to the Replacement Vehicle Tax.

22           (8) Personal property sold to an Illinois county fair  
23 association for use in conducting, operating, or promoting the  
24 county fair.

25           (9) Personal property sold to a not-for-profit arts or  
26 cultural organization that establishes, by proof required by

1 the Department by rule, that it has received an exemption under  
2 Section 501(c)(3) of the Internal Revenue Code and that is  
3 organized and operated primarily for the presentation or  
4 support of arts or cultural programming, activities, or  
5 services. These organizations include, but are not limited to,  
6 music and dramatic arts organizations such as symphony  
7 orchestras and theatrical groups, arts and cultural service  
8 organizations, local arts councils, visual arts organizations,  
9 and media arts organizations. On and after the effective date  
10 of this amendatory Act of the 92nd General Assembly, however,  
11 an entity otherwise eligible for this exemption shall not make  
12 tax-free purchases unless it has an active identification  
13 number issued by the Department.

14 (10) Personal property sold by a corporation, society,  
15 association, foundation, institution, or organization, other  
16 than a limited liability company, that is organized and  
17 operated as a not-for-profit service enterprise for the benefit  
18 of persons 65 years of age or older if the personal property  
19 was not purchased by the enterprise for the purpose of resale  
20 by the enterprise.

21 (11) Personal property sold to a governmental body, to a  
22 corporation, society, association, foundation, or institution  
23 organized and operated exclusively for charitable, religious,  
24 or educational purposes, or to a not-for-profit corporation,  
25 society, association, foundation, institution, or organization  
26 that has no compensated officers or employees and that is

1 organized and operated primarily for the recreation of persons  
2 55 years of age or older. A limited liability company may  
3 qualify for the exemption under this paragraph only if the  
4 limited liability company is organized and operated  
5 exclusively for educational purposes. On and after July 1,  
6 1987, however, no entity otherwise eligible for this exemption  
7 shall make tax-free purchases unless it has an active  
8 identification number issued by the Department.

9 (12) Tangible personal property sold to interstate  
10 carriers for hire for use as rolling stock moving in interstate  
11 commerce or to lessors under leases of one year or longer  
12 executed or in effect at the time of purchase by interstate  
13 carriers for hire for use as rolling stock moving in interstate  
14 commerce and equipment operated by a telecommunications  
15 provider, licensed as a common carrier by the Federal  
16 Communications Commission, which is permanently installed in  
17 or affixed to aircraft moving in interstate commerce.

18 (12-5) On and after July 1, 2003 and through June 30, 2004,  
19 motor vehicles of the second division with a gross vehicle  
20 weight in excess of 8,000 pounds that are subject to the  
21 commercial distribution fee imposed under Section 3-815.1 of  
22 the Illinois Vehicle Code. Beginning on July 1, 2004 and  
23 through June 30, 2005, the use in this State of motor vehicles  
24 of the second division: (i) with a gross vehicle weight rating  
25 in excess of 8,000 pounds; (ii) that are subject to the  
26 commercial distribution fee imposed under Section 3-815.1 of

1 the Illinois Vehicle Code; and (iii) that are primarily used  
2 for commercial purposes. Through June 30, 2005, this exemption  
3 applies to repair and replacement parts added after the initial  
4 purchase of such a motor vehicle if that motor vehicle is used  
5 in a manner that would qualify for the rolling stock exemption  
6 otherwise provided for in this Act. For purposes of this  
7 paragraph, "used for commercial purposes" means the  
8 transportation of persons or property in furtherance of any  
9 commercial or industrial enterprise whether for-hire or not.

10 (13) Proceeds from sales to owners, lessors, or shippers of  
11 tangible personal property that is utilized by interstate  
12 carriers for hire for use as rolling stock moving in interstate  
13 commerce and equipment operated by a telecommunications  
14 provider, licensed as a common carrier by the Federal  
15 Communications Commission, which is permanently installed in  
16 or affixed to aircraft moving in interstate commerce.

17 (14) Machinery and equipment that will be used by the  
18 purchaser, or a lessee of the purchaser, primarily in the  
19 process of manufacturing or assembling tangible personal  
20 property for wholesale or retail sale or lease, whether the  
21 sale or lease is made directly by the manufacturer or by some  
22 other person, whether the materials used in the process are  
23 owned by the manufacturer or some other person, or whether the  
24 sale or lease is made apart from or as an incident to the  
25 seller's engaging in the service occupation of producing  
26 machines, tools, dies, jigs, patterns, gauges, or other similar

1 items of no commercial value on special order for a particular  
2 purchaser. The exemption provided by this paragraph (14) does  
3 not include machinery and equipment used in (i) the generation  
4 of electricity for wholesale or retail sale; (ii) the  
5 generation or treatment of natural or artificial gas for  
6 wholesale or retail sale that is delivered to customers through  
7 pipes, pipelines, or mains; or (iii) the treatment of water for  
8 wholesale or retail sale that is delivered to customers through  
9 pipes, pipelines, or mains. The provisions of Public Act 98-583  
10 are declaratory of existing law as to the meaning and scope of  
11 this exemption. Beginning on July 1, 2017, the exemption  
12 provided by this paragraph (14) includes, but is not limited  
13 to, graphic arts machinery and equipment, as defined in  
14 paragraph (4) of this Section.

15 (15) Proceeds of mandatory service charges separately  
16 stated on customers' bills for purchase and consumption of food  
17 and beverages, to the extent that the proceeds of the service  
18 charge are in fact turned over as tips or as a substitute for  
19 tips to the employees who participate directly in preparing,  
20 serving, hosting or cleaning up the food or beverage function  
21 with respect to which the service charge is imposed.

22 (16) Petroleum products sold to a purchaser if the seller  
23 is prohibited by federal law from charging tax to the  
24 purchaser.

25 (17) Tangible personal property sold to a common carrier by  
26 rail or motor that receives the physical possession of the

1 property in Illinois and that transports the property, or  
2 shares with another common carrier in the transportation of the  
3 property, out of Illinois on a standard uniform bill of lading  
4 showing the seller of the property as the shipper or consignor  
5 of the property to a destination outside Illinois, for use  
6 outside Illinois.

7 (18) Legal tender, currency, medallions, or gold or silver  
8 coinage issued by the State of Illinois, the government of the  
9 United States of America, or the government of any foreign  
10 country, and bullion.

11 (19) Until July 1 2003, oil field exploration, drilling,  
12 and production equipment, including (i) rigs and parts of rigs,  
13 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and  
14 tubular goods, including casing and drill strings, (iii) pumps  
15 and pump-jack units, (iv) storage tanks and flow lines, (v) any  
16 individual replacement part for oil field exploration,  
17 drilling, and production equipment, and (vi) machinery and  
18 equipment purchased for lease; but excluding motor vehicles  
19 required to be registered under the Illinois Vehicle Code.

20 (20) Photoprocessing machinery and equipment, including  
21 repair and replacement parts, both new and used, including that  
22 manufactured on special order, certified by the purchaser to be  
23 used primarily for photoprocessing, and including  
24 photoprocessing machinery and equipment purchased for lease.

25 (21) Coal and aggregate exploration, mining, off-highway  
26 hauling, processing, maintenance, and reclamation equipment,

1 including replacement parts and equipment, and including  
2 equipment purchased for lease, but excluding motor vehicles  
3 required to be registered under the Illinois Vehicle Code. The  
4 changes made to this Section by Public Act 97-767 apply on and  
5 after July 1, 2003, but no claim for credit or refund is  
6 allowed on or after August 16, 2013 (the effective date of  
7 Public Act 98-456) for such taxes paid during the period  
8 beginning July 1, 2003 and ending on August 16, 2013 (the  
9 effective date of Public Act 98-456).

10 (22) Until June 30, 2013, fuel and petroleum products sold  
11 to or used by an air carrier, certified by the carrier to be  
12 used for consumption, shipment, or storage in the conduct of  
13 its business as an air common carrier, for a flight destined  
14 for or returning from a location or locations outside the  
15 United States without regard to previous or subsequent domestic  
16 stopovers.

17 Beginning July 1, 2013, fuel and petroleum products sold to  
18 or used by an air carrier, certified by the carrier to be used  
19 for consumption, shipment, or storage in the conduct of its  
20 business as an air common carrier, for a flight that (i) is  
21 engaged in foreign trade or is engaged in trade between the  
22 United States and any of its possessions and (ii) transports at  
23 least one individual or package for hire from the city of  
24 origination to the city of final destination on the same  
25 aircraft, without regard to a change in the flight number of  
26 that aircraft.

1           (23) A transaction in which the purchase order is received  
2 by a florist who is located outside Illinois, but who has a  
3 florist located in Illinois deliver the property to the  
4 purchaser or the purchaser's donee in Illinois.

5           (24) Fuel consumed or used in the operation of ships,  
6 barges, or vessels that are used primarily in or for the  
7 transportation of property or the conveyance of persons for  
8 hire on rivers bordering on this State if the fuel is delivered  
9 by the seller to the purchaser's barge, ship, or vessel while  
10 it is afloat upon that bordering river.

11           (25) Except as provided in item (25-5) of this Section, a  
12 motor vehicle sold in this State to a nonresident even though  
13 the motor vehicle is delivered to the nonresident in this  
14 State, if the motor vehicle is not to be titled in this State,  
15 and if a drive-away permit is issued to the motor vehicle as  
16 provided in Section 3-603 of the Illinois Vehicle Code or if  
17 the nonresident purchaser has vehicle registration plates to  
18 transfer to the motor vehicle upon returning to his or her home  
19 state. The issuance of the drive-away permit or having the  
20 out-of-state registration plates to be transferred is prima  
21 facie evidence that the motor vehicle will not be titled in  
22 this State.

23           (25-5) The exemption under item (25) does not apply if the  
24 state in which the motor vehicle will be titled does not allow  
25 a reciprocal exemption for a motor vehicle sold and delivered  
26 in that state to an Illinois resident but titled in Illinois.



1 The tax collected under this Act on the sale of a motor vehicle  
2 in this State to a resident of another state that does not  
3 allow a reciprocal exemption shall be imposed at a rate equal  
4 to the state's rate of tax on taxable property in the state in  
5 which the purchaser is a resident, except that the tax shall  
6 not exceed the tax that would otherwise be imposed under this  
7 Act. At the time of the sale, the purchaser shall execute a  
8 statement, signed under penalty of perjury, of his or her  
9 intent to title the vehicle in the state in which the purchaser  
10 is a resident within 30 days after the sale and of the fact of  
11 the payment to the State of Illinois of tax in an amount  
12 equivalent to the state's rate of tax on taxable property in  
13 his or her state of residence and shall submit the statement to  
14 the appropriate tax collection agency in his or her state of  
15 residence. In addition, the retailer must retain a signed copy  
16 of the statement in his or her records. Nothing in this item  
17 shall be construed to require the removal of the vehicle from  
18 this state following the filing of an intent to title the  
19 vehicle in the purchaser's state of residence if the purchaser  
20 titles the vehicle in his or her state of residence within 30  
21 days after the date of sale. The tax collected under this Act  
22 in accordance with this item (25-5) shall be proportionately  
23 distributed as if the tax were collected at the 6.25% general  
24 rate imposed under this Act.

25 (25-7) Beginning on July 1, 2007, no tax is imposed under  
26 this Act on the sale of an aircraft, as defined in Section 3 of

1 the Illinois Aeronautics Act, if all of the following  
2 conditions are met:

3 (1) the aircraft leaves this State within 15 days after  
4 the later of either the issuance of the final billing for  
5 the sale of the aircraft, or the authorized approval for  
6 return to service, completion of the maintenance record  
7 entry, and completion of the test flight and ground test  
8 for inspection, as required by 14 C.F.R. 91.407;

9 (2) the aircraft is not based or registered in this  
10 State after the sale of the aircraft; and

11 (3) the seller retains in his or her books and records  
12 and provides to the Department a signed and dated  
13 certification from the purchaser, on a form prescribed by  
14 the Department, certifying that the requirements of this  
15 item (25-7) are met. The certificate must also include the  
16 name and address of the purchaser, the address of the  
17 location where the aircraft is to be titled or registered,  
18 the address of the primary physical location of the  
19 aircraft, and other information that the Department may  
20 reasonably require.

21 For purposes of this item (25-7):

22 "Based in this State" means hangared, stored, or otherwise  
23 used, excluding post-sale customizations as defined in this  
24 Section, for 10 or more days in each 12-month period  
25 immediately following the date of the sale of the aircraft.

26 "Registered in this State" means an aircraft registered

1 with the Department of Transportation, Aeronautics Division,  
2 or titled or registered with the Federal Aviation  
3 Administration to an address located in this State.

4 This paragraph (25-7) is exempt from the provisions of  
5 Section 2-70.

6 (26) Semen used for artificial insemination of livestock  
7 for direct agricultural production.

8 (27) Horses, or interests in horses, registered with and  
9 meeting the requirements of any of the Arabian Horse Club  
10 Registry of America, Appaloosa Horse Club, American Quarter  
11 Horse Association, United States Trotting Association, or  
12 Jockey Club, as appropriate, used for purposes of breeding or  
13 racing for prizes. This item (27) is exempt from the provisions  
14 of Section 2-70, and the exemption provided for under this item  
15 (27) applies for all periods beginning May 30, 1995, but no  
16 claim for credit or refund is allowed on or after January 1,  
17 2008 (the effective date of Public Act 95-88) for such taxes  
18 paid during the period beginning May 30, 2000 and ending on  
19 January 1, 2008 (the effective date of Public Act 95-88).

20 (28) Computers and communications equipment utilized for  
21 any hospital purpose and equipment used in the diagnosis,  
22 analysis, or treatment of hospital patients sold to a lessor  
23 who leases the equipment, under a lease of one year or longer  
24 executed or in effect at the time of the purchase, to a  
25 hospital that has been issued an active tax exemption  
26 identification number by the Department under Section 1g of

1 this Act.

2 (29) Personal property sold to a lessor who leases the  
3 property, under a lease of one year or longer executed or in  
4 effect at the time of the purchase, to a governmental body that  
5 has been issued an active tax exemption identification number  
6 by the Department under Section 1g of this Act.

7 (30) Beginning with taxable years ending on or after  
8 December 31, 1995 and ending with taxable years ending on or  
9 before December 31, 2004, personal property that is donated for  
10 disaster relief to be used in a State or federally declared  
11 disaster area in Illinois or bordering Illinois by a  
12 manufacturer or retailer that is registered in this State to a  
13 corporation, society, association, foundation, or institution  
14 that has been issued a sales tax exemption identification  
15 number by the Department that assists victims of the disaster  
16 who reside within the declared disaster area.

17 (31) Beginning with taxable years ending on or after  
18 December 31, 1995 and ending with taxable years ending on or  
19 before December 31, 2004, personal property that is used in the  
20 performance of infrastructure repairs in this State, including  
21 but not limited to municipal roads and streets, access roads,  
22 bridges, sidewalks, waste disposal systems, water and sewer  
23 line extensions, water distribution and purification  
24 facilities, storm water drainage and retention facilities, and  
25 sewage treatment facilities, resulting from a State or  
26 federally declared disaster in Illinois or bordering Illinois

1 when such repairs are initiated on facilities located in the  
2 declared disaster area within 6 months after the disaster.

3 (32) Beginning July 1, 1999, game or game birds sold at a  
4 "game breeding and hunting preserve area" as that term is used  
5 in the Wildlife Code. This paragraph is exempt from the  
6 provisions of Section 2-70.

7 (33) A motor vehicle, as that term is defined in Section  
8 1-146 of the Illinois Vehicle Code, that is donated to a  
9 corporation, limited liability company, society, association,  
10 foundation, or institution that is determined by the Department  
11 to be organized and operated exclusively for educational  
12 purposes. For purposes of this exemption, "a corporation,  
13 limited liability company, society, association, foundation,  
14 or institution organized and operated exclusively for  
15 educational purposes" means all tax-supported public schools,  
16 private schools that offer systematic instruction in useful  
17 branches of learning by methods common to public schools and  
18 that compare favorably in their scope and intensity with the  
19 course of study presented in tax-supported schools, and  
20 vocational or technical schools or institutes organized and  
21 operated exclusively to provide a course of study of not less  
22 than 6 weeks duration and designed to prepare individuals to  
23 follow a trade or to pursue a manual, technical, mechanical,  
24 industrial, business, or commercial occupation.

25 (34) Beginning January 1, 2000, personal property,  
26 including food, purchased through fundraising events for the

1 benefit of a public or private elementary or secondary school,  
2 a group of those schools, or one or more school districts if  
3 the events are sponsored by an entity recognized by the school  
4 district that consists primarily of volunteers and includes  
5 parents and teachers of the school children. This paragraph  
6 does not apply to fundraising events (i) for the benefit of  
7 private home instruction or (ii) for which the fundraising  
8 entity purchases the personal property sold at the events from  
9 another individual or entity that sold the property for the  
10 purpose of resale by the fundraising entity and that profits  
11 from the sale to the fundraising entity. This paragraph is  
12 exempt from the provisions of Section 2-70.

13 (35) Beginning January 1, 2000 and through December 31,  
14 2001, new or used automatic vending machines that prepare and  
15 serve hot food and beverages, including coffee, soup, and other  
16 items, and replacement parts for these machines. Beginning  
17 January 1, 2002 and through June 30, 2003, machines and parts  
18 for machines used in commercial, coin-operated amusement and  
19 vending business if a use or occupation tax is paid on the  
20 gross receipts derived from the use of the commercial,  
21 coin-operated amusement and vending machines. This paragraph  
22 is exempt from the provisions of Section 2-70.

23 (35-5) Beginning August 23, 2001 and through June 30, 2016,  
24 food for human consumption that is to be consumed off the  
25 premises where it is sold (other than alcoholic beverages, soft  
26 drinks, and food that has been prepared for immediate

1 consumption) and prescription and nonprescription medicines,  
2 drugs, medical appliances, and insulin, urine testing  
3 materials, syringes, and needles used by diabetics, for human  
4 use, when purchased for use by a person receiving medical  
5 assistance under Article V of the Illinois Public Aid Code who  
6 resides in a licensed long-term care facility, as defined in  
7 the Nursing Home Care Act, or a licensed facility as defined in  
8 the ID/DD Community Care Act, the MC/DD Act, or the Specialized  
9 Mental Health Rehabilitation Act of 2013.

10 (36) Beginning August 2, 2001, computers and  
11 communications equipment utilized for any hospital purpose and  
12 equipment used in the diagnosis, analysis, or treatment of  
13 hospital patients sold to a lessor who leases the equipment,  
14 under a lease of one year or longer executed or in effect at  
15 the time of the purchase, to a hospital that has been issued an  
16 active tax exemption identification number by the Department  
17 under Section 1g of this Act. This paragraph is exempt from the  
18 provisions of Section 2-70.

19 (37) Beginning August 2, 2001, personal property sold to a  
20 lessor who leases the property, under a lease of one year or  
21 longer executed or in effect at the time of the purchase, to a  
22 governmental body that has been issued an active tax exemption  
23 identification number by the Department under Section 1g of  
24 this Act. This paragraph is exempt from the provisions of  
25 Section 2-70.

26 (38) Beginning on January 1, 2002 and through June 30,

1 2016, tangible personal property purchased from an Illinois  
2 retailer by a taxpayer engaged in centralized purchasing  
3 activities in Illinois who will, upon receipt of the property  
4 in Illinois, temporarily store the property in Illinois (i) for  
5 the purpose of subsequently transporting it outside this State  
6 for use or consumption thereafter solely outside this State or  
7 (ii) for the purpose of being processed, fabricated, or  
8 manufactured into, attached to, or incorporated into other  
9 tangible personal property to be transported outside this State  
10 and thereafter used or consumed solely outside this State. The  
11 Director of Revenue shall, pursuant to rules adopted in  
12 accordance with the Illinois Administrative Procedure Act,  
13 issue a permit to any taxpayer in good standing with the  
14 Department who is eligible for the exemption under this  
15 paragraph (38). The permit issued under this paragraph (38)  
16 shall authorize the holder, to the extent and in the manner  
17 specified in the rules adopted under this Act, to purchase  
18 tangible personal property from a retailer exempt from the  
19 taxes imposed by this Act. Taxpayers shall maintain all  
20 necessary books and records to substantiate the use and  
21 consumption of all such tangible personal property outside of  
22 the State of Illinois.

23 (39) Beginning January 1, 2008, tangible personal property  
24 used in the construction or maintenance of a community water  
25 supply, as defined under Section 3.145 of the Environmental  
26 Protection Act, that is operated by a not-for-profit



1 corporation that holds a valid water supply permit issued under  
2 Title IV of the Environmental Protection Act. This paragraph is  
3 exempt from the provisions of Section 2-70.

4 (40) Beginning January 1, 2010, materials, parts,  
5 equipment, components, and furnishings incorporated into or  
6 upon an aircraft as part of the modification, refurbishment,  
7 completion, replacement, repair, or maintenance of the  
8 aircraft. This exemption includes consumable supplies used in  
9 the modification, refurbishment, completion, replacement,  
10 repair, and maintenance of aircraft, but excludes any  
11 materials, parts, equipment, components, and consumable  
12 supplies used in the modification, replacement, repair, and  
13 maintenance of aircraft engines or power plants, whether such  
14 engines or power plants are installed or uninstalled upon any  
15 such aircraft. "Consumable supplies" include, but are not  
16 limited to, adhesive, tape, sandpaper, general purpose  
17 lubricants, cleaning solution, latex gloves, and protective  
18 films. This exemption applies only to the sale of qualifying  
19 tangible personal property to persons who modify, refurbish,  
20 complete, replace, or maintain an aircraft and who (i) hold an  
21 Air Agency Certificate and are empowered to operate an approved  
22 repair station by the Federal Aviation Administration, (ii)  
23 have a Class IV Rating, and (iii) conduct operations in  
24 accordance with Part 145 of the Federal Aviation Regulations.  
25 The exemption does not include aircraft operated by a  
26 commercial air carrier providing scheduled passenger air

1 service pursuant to authority issued under Part 121 or Part 129  
2 of the Federal Aviation Regulations. The changes made to this  
3 paragraph (40) by Public Act 98-534 are declarative of existing  
4 law.

5 (41) Tangible personal property sold to a  
6 public-facilities corporation, as described in Section  
7 11-65-10 of the Illinois Municipal Code, for purposes of  
8 constructing or furnishing a municipal convention hall, but  
9 only if the legal title to the municipal convention hall is  
10 transferred to the municipality without any further  
11 consideration by or on behalf of the municipality at the time  
12 of the completion of the municipal convention hall or upon the  
13 retirement or redemption of any bonds or other debt instruments  
14 issued by the public-facilities corporation in connection with  
15 the development of the municipal convention hall. This  
16 exemption includes existing public-facilities corporations as  
17 provided in Section 11-65-25 of the Illinois Municipal Code.  
18 This paragraph is exempt from the provisions of Section 2-70.

19 (42) Beginning January 1, 2017, menstrual pads, tampons,  
20 and menstrual cups.

21 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
22 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.  
23 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.  
24 7-29-15; 99-855, eff. 8-19-16.)

25 (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

1           Sec. 2-45. Manufacturing and assembly exemption. The  
2 manufacturing and assembly machinery and equipment exemption  
3 includes machinery and equipment that replaces machinery and  
4 equipment in an existing manufacturing facility as well as  
5 machinery and equipment that are for use in an expanded or new  
6 manufacturing facility.

7           The machinery and equipment exemption also includes  
8 machinery and equipment used in the general maintenance or  
9 repair of exempt machinery and equipment or for in-house  
10 manufacture of exempt machinery and equipment. Beginning on  
11 July 1, 2017, the manufacturing and assembling machinery and  
12 equipment exemption also includes graphic arts machinery and  
13 equipment, as defined in paragraph (4) of Section 2-5. The  
14 machinery and equipment exemption does not include machinery  
15 and equipment used in (i) the generation of electricity for  
16 wholesale or retail sale; (ii) the generation or treatment of  
17 natural or artificial gas for wholesale or retail sale that is  
18 delivered to customers through pipes, pipelines, or mains; or  
19 (iii) the treatment of water for wholesale or retail sale that  
20 is delivered to customers through pipes, pipelines, or mains.  
21 The provisions of this amendatory Act of the 98th General  
22 Assembly are declaratory of existing law as to the meaning and  
23 scope of this exemption. For the purposes of this exemption,  
24 terms have the following meanings:

25           (1) "Manufacturing process" means the production of an  
26 article of tangible personal property, whether the article

1 is a finished product or an article for use in the process  
2 of manufacturing or assembling a different article of  
3 tangible personal property, by a procedure commonly  
4 regarded as manufacturing, processing, fabricating, or  
5 refining that changes some existing material or materials  
6 into a material with a different form, use, or name. In  
7 relation to a recognized integrated business composed of a  
8 series of operations that collectively constitute  
9 manufacturing, or individually constitute manufacturing  
10 operations, the manufacturing process commences with the  
11 first operation or stage of production in the series and  
12 does not end until the completion of the final product in  
13 the last operation or stage of production in the series.  
14 For purposes of this exemption, photoprocessing is a  
15 manufacturing process of tangible personal property for  
16 wholesale or retail sale.

17 (2) "Assembling process" means the production of an  
18 article of tangible personal property, whether the article  
19 is a finished product or an article for use in the process  
20 of manufacturing or assembling a different article of  
21 tangible personal property, by the combination of existing  
22 materials in a manner commonly regarded as assembling that  
23 results in a material of a different form, use, or name.

24 (3) "Machinery" means major mechanical machines or  
25 major components of those machines contributing to a  
26 manufacturing or assembling process.

1           (4) "Equipment" includes an independent device or tool  
2           separate from machinery but essential to an integrated  
3           manufacturing or assembly process; including computers  
4           used primarily in a manufacturer's computer assisted  
5           design, computer assisted manufacturing (CAD/CAM) system;  
6           any subunit or assembly comprising a component of any  
7           machinery or auxiliary, adjunct, or attachment parts of  
8           machinery, such as tools, dies, jigs, fixtures, patterns,  
9           and molds; and any parts that require periodic replacement  
10          in the course of normal operation; but does not include  
11          hand tools. Equipment includes chemicals or chemicals  
12          acting as catalysts but only if the chemicals or chemicals  
13          acting as catalysts effect a direct and immediate change  
14          upon a product being manufactured or assembled for  
15          wholesale or retail sale or lease.

16          (5) "Production related tangible personal property"  
17          means all tangible personal property that is used or  
18          consumed by the purchaser in a manufacturing facility in  
19          which a manufacturing process takes place and includes,  
20          without limitation, tangible personal property that is  
21          purchased for incorporation into real estate within a  
22          manufacturing facility and tangible personal property that  
23          is used or consumed in activities such as research and  
24          development, preproduction material handling, receiving,  
25          quality control, inventory control, storage, staging, and  
26          packaging for shipping and transportation purposes.

1 "Production related tangible personal property" does not  
2 include (i) tangible personal property that is used, within  
3 or without a manufacturing facility, in sales, purchasing,  
4 accounting, fiscal management, marketing, personnel  
5 recruitment or selection, or landscaping or (ii) tangible  
6 personal property that is required to be titled or  
7 registered with a department, agency, or unit of federal,  
8 State, or local government.

9 The manufacturing and assembling machinery and equipment  
10 exemption includes production related tangible personal  
11 property that is purchased on or after July 1, 2007 and on or  
12 before June 30, 2008. The exemption for production related  
13 tangible personal property is subject to both of the following  
14 limitations:

15 (1) The maximum amount of the exemption for any one  
16 taxpayer may not exceed 5% of the purchase price of  
17 production related tangible personal property that is  
18 purchased on or after July 1, 2007 and on or before June  
19 30, 2008. A credit under Section 3-85 of this Act may not  
20 be earned by the purchase of production related tangible  
21 personal property for which an exemption is received under  
22 this Section.

23 (2) The maximum aggregate amount of the exemptions for  
24 production related tangible personal property awarded  
25 under this Act and the Use Tax Act to all taxpayers may not  
26 exceed \$10,000,000. If the claims for the exemption exceed

1           \$10,000,000, then the Department shall reduce the amount of  
2           the exemption to each taxpayer on a pro rata basis.

3           The Department may adopt rules to implement and administer the  
4           exemption for production related tangible personal property.

5           The manufacturing and assembling machinery and equipment  
6           exemption includes the sale of materials to a purchaser who  
7           produces exempted types of machinery, equipment, or tools and  
8           who rents or leases that machinery, equipment, or tools to a  
9           manufacturer of tangible personal property. This exemption  
10          also includes the sale of materials to a purchaser who  
11          manufactures those materials into an exempted type of  
12          machinery, equipment, or tools that the purchaser uses himself  
13          or herself in the manufacturing of tangible personal property.  
14          The purchaser of the machinery and equipment who has an active  
15          resale registration number shall furnish that number to the  
16          seller at the time of purchase. A purchaser of the machinery,  
17          equipment, and tools without an active resale registration  
18          number shall furnish to the seller a certificate of exemption  
19          for each transaction stating facts establishing the exemption  
20          for that transaction, and that certificate shall be available  
21          to the Department for inspection or audit. Informal rulings,  
22          opinions, or letters issued by the Department in response to an  
23          inquiry or request for an opinion from any person regarding the  
24          coverage and applicability of this exemption to specific  
25          devices shall be published, maintained as a public record, and  
26          made available for public inspection and copying. If the

1 informal ruling, opinion, or letter contains trade secrets or  
2 other confidential information, where possible, the Department  
3 shall delete that information before publication. Whenever  
4 informal rulings, opinions, or letters contain a policy of  
5 general applicability, the Department shall formulate and  
6 adopt that policy as a rule in accordance with the Illinois  
7 Administrative Procedure Act.

8 The manufacturing and assembling machinery and equipment  
9 exemption is exempt from the provisions of Section 2-70.

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

11 ARTICLE 99. EFFECTIVE DATE

12 Section 99-999. Effective date. This Act takes effect upon  
13 becoming law, except that Articles 1 and 25 take effect on  
14 January 1, 2018."